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PARIS, MONDAY, FEBRUARY 1, 1988

ESTABLISHED 1887

Pipeline Deal: A High-Level 'Nightmare'

By Jeff Gerth and Stephen Engelberg. WASHINGTON — Shortly after Rear Admiral John M. Poindexter became national security adviser in December 1985, one of his predecessors in the job offered him some sober advice about a billion-dollar Iraqi oil pipeline project...

Reagan Aide Rules Out Action Now on Meese

The Associated Press. WASHINGTON — President Ronald Reagan will pay careful attention to the investigation into Attorney General Edwin Meese 3d's role in an Iraqi oil pipeline project, but a White House official said Sunday that seeking Mr. Meese's resignation now would be tantamount to "pitching people to the lions without proof."



Edwin Meese 3d

ing of the nature of his inquiry. "The president is fully aware of the details and, I expect, will keep very close tabs on that and see how it unfolds and develops," Mr. Baker said of the investigation.



Two members of a Palestinian family stood in a doorway Sunday in Gaza City, watching as an Israeli army patrol passed by. The soldier's automatic rifle is equipped with a launcher for rubber bullets.

5 Are Injured in West Bank Clashes

By Francis X. Clines. JERUSALEM — At least four Palestinian youths were reported shot and wounded by Israeli soldiers, and a Jewish settler was severely burned by a firebomb as civil unrest continued Sunday. The firebomb struck the car of a 35-year-old man as he drove in the town of Beit El in the occupied West Bank. Two firebombs were thrown at civilian buses in Jerusalem, but no injuries were reported.

Kiosk

Rebels to Form Afghan Regime. ISLAMABAD, Pakistan (Reuters) — Afghan rebel leaders announced on Sunday plans to set up a government to take power after the withdrawal of Soviet troops from Afghanistan. A statement issued in Pakistan by the main, seven-party rebel alliance, said that the government would be led by the commander-in-chief, but would include Muslims from inside Afghanistan.

Viet Cong Officers Tell Of Tet 'Victory' in 1968

By Barbara Crossette. HO CHI MINH CITY — Colonel Do Tan Phong remembers Jan. 31, 1968, in vivid detail. Before dawn on the second day of Tet, the Lunar New Year, five small Viet Cong commando units hit Saigon. Five battalions of 500 Communist-directed soldiers, part of a much larger force, each moved toward the city from five directions to support the commandos. Colonel Phong, who was a Viet Cong commander, recalled. A popular uprising was expected to finish the job, and Saigon — as Ho Chi Minh City was then known — would fall.



FACTIONAL FIGHTING IN SOUTH AFRICA — A woman salvaging sheets of iron Sunday amid devastation at the KTC squatter camp near Cape Town. About 1,500 people were made homeless by arsonists in fighting between conservative and radical vigilantes at the camp, about half of which was destroyed. At 13 KTC and in other violence by blacks against blacks, at least 13 persons were killed over the weekend. Fighting between rival Zulu factions continued Sunday in Natal. Page 5.

The 'New Britain' Is Proclaimed

Tories Say Decline Is Ended, but Skeptics Remain. By Reginald Dale. LONDON — In a recent speech, Nigel Lawson, the chancellor of the Exchequer, proclaimed the arrival on the world scene of a flourishing and optimistic new country. He called it "the New Britain." In almost nine years in power, he said, Margaret Thatcher's Conservative government had "changed the face" of Britain to an extent that no other government had achieved since Clement Attlee's postwar Labor administration of 1945-51, which laid the foundations of the welfare state.

Sabotaged Computers Are Passing on the Bug

By Vin McLellan. BOSTON — It could be a science-fiction nightmare come to life. In the past nine months, computer "viruses" — which could subvert, alter or destroy the computer programs of banks, corporations, the military and the government — have infected personal computer programs at several companies and universities in the United States, West Germany, Switzerland, Britain and Italy. Security experts say they fear that terrorists, hackers or even practical jokers could invent destructive software — the "virus" — to wreak havoc in the computer world, and in business and military operations so dependent on the computer.

Protests In Poland On Prices

Solidarity Calls 40 to 200% Rises 'Tragic for Some'. WARSAW — Supporters of Solidarity, chanting "No more price hikes" and "Strike tomorrow," marched Sunday through the streets of Gdansk as Lech Walesa and other leaders of the outlawed trade union demanded that the government cancel price increases set to take effect Monday. On Saturday, the government announced the steepest price rises since 1982, ranging from about 40 percent to 200 percent for most basic foodstuffs, fuel, alcohol, cigarettes, transportation and services.

Rises to Hit Poles Hard

Earlier, Jackson Died of The Washington Post. The increases followed a four-month government campaign to win public acceptance for them as part of a strategy of economic restructuring and liberalization. Although partially compensated by an immediate wage increase for state workers equal to about 20 percent of the average pay, the price rises will hit many Poles hard.

Statement Released by the State Press Agency

and reported on television said the average retail price increase would be 36 percent this year, including 40 percent for food. That figure excluded the increases of 46 percent in alcohol and 40 percent in cigarettes. The statement said the increases were needed to reduce government subsidies, introduce realistic prices into the economy and encourage efficient production.

They Form Part of a Program that Also is Supposed to include a Substantial Expansion of Private Enterprise

and the increased use of market forces to regulate the economy. Overall, the increases were the highest since February 1982, when the government raised prices an average of 100 percent while the country was under martial law. Official announcements sought to portray the increases as modest and "a compromise," comparing them to a 110-percent average food-price increase proposed in October. That proposal was abandoned after the government failed to win support in a Nov. 30 national referendum on its policy program.

Advertisements for 'The New Britain' and 'Tories Say Decline Is Ended, but Skeptics Remain'.

Advertisements for 'SABOTAGED COMPUTERS ARE PASSING ON THE BUG' and 'THE NEW BRITAIN'.



# AIDS: It's Just the Beginning, a UN Health Expert Warns

The first global summit meeting on acquired immune deficiency syndrome, bringing together health ministers from 143 countries, ended last week in London on a note of optimism that public education campaigns are slowing the spread of the disease. But there remain sharp differences among the prevention and education programs being pursued. Jonathan Mann, the American director of the World Health Organization's AIDS program, spoke with Warren Getler of the International Herald Tribune after the three-day conference.

The world. Through behavior changes — brought about by information and education programs and supporting health and social services — we should begin to see the slowing of the spread of the virus during 1988.

Q: According to WHO, there have been 75,000 reported cases of fully developed AIDS.

## MONDAY Q&A

AIDS. But your organization also estimates that as many as 10 million people worldwide are infected with the HIV virus that causes AIDS. What percentage of the latter group could come down with the fully developed disease?

A: All we can really say is what we have observed, because we cannot predict the future. And we have observed that between 10 and 30 percent of HIV-infected people will develop AIDS during a five-year period. And in some studies as many as 40 percent or even higher have developed AIDS within a seven- or eight-year period. Will all of the infected people develop AIDS? There's literally no way we can know until more time has passed.

But we have to be concerned that everyone who is infected not only can infect other people but is at risk of developing AIDS.

Q: The first U.S. case of HIV-2, a strain of the virus reported widely in western Africa and some parts of western Europe, surfaced this week. The victim, a woman, was reported to be of west African origin. How well is the world prepared to detect HIV-2 and does this strain of the virus pose a serious new threat to blood supplies?

A: You have to realize that the worldwide epidemic is still caused by HIV-1. Clearly, if HIV-2 is present in a population, the real question is how common is it? If it's one in 10 million, one in 100 million, is it time to start testing all blood for that, which adds a considerable cost? There is no magic point.

Q: What do you accomplish at the conference beyond a verbal commitment to tackle the AIDS problem with as much international cooperation as possible? A: An unprecedented number of ministers came to this meeting. They're going

back to their countries with a commitment during 1988 to open more widely than ever before the channels of communication and to fight discrimination against AIDS victims or risk-groups.

Q: The ministers have expressed the political will, but are the resources there to do the job?

A: WHO's global program on AIDS has already started working with 110 countries, and we anticipate that by sometime this year we'll be working with the 142 countries that will need, according to our estimates, technical and/or financial support in order to develop their own strong national AIDS programs. The real problem will be over the long haul.

Q: How much are you budgeting this year for WHO's global campaign against AIDS?

A: We're asking for about \$66 million this year, from about \$27 million in 1987. First we have to see if we receive full funding for 1988, as we anticipate. But the continuing funding depends on the political climate and whether there will

be a longer-term commitment to AIDS control in the world.

Q: What issues will prove most difficult toward forging an international consensus on AIDS prevention and education? A: That could include sex education in schools. Not every culture is prepared to see sex education in schools. Questions of borders and test-screening of immigrants is something — at this point — where there clearly is no consensus.

Q: What about sharp differences over compulsory screening in mandatory screening for HIV infection effective under any circumstances? A: We can say that compulsory screening is unlikely to be effective if your objective is behavior change. If your objective is to screen blood supplies, yes, mandatory screening of blood from blood donors is appropriate. As a tool to protect public health, screening is complex and has to be linked with a really complicated array of logistic, technical, legal, ethical, political and economic issues. We have said that until any society resolves those questions, we recommend that they not engage in mandatory screening.

## Greece and Turkey Set Steps to Improve Ties

By Jim Hoagland  
Washington Post Service  
DAVOS, Switzerland — Greece and Turkey formally agreed Sunday to work together to resolve differences over the Aegean Sea and other matters that have brought the two nations to the brink of war twice since 1965. The confidence-building measures that the two nations accepted include annual summit meetings, a direct telephone hotline for their leaders, the establishment of joint committees to negotiate solutions to disputes and increased exchanges of visits by Greek and Turkish officials, businessmen and other citizens.

Mr. Papandreu said, "The fact that Mr. Ozal and I find it easy to communicate has played an important role in achieving this." Mr. Papandreu's decision to put his discussions with Mr. Ozal in such a positive light was significant given the vehemence with which he has attacked Turkey since his Socialist party gained power in 1981. The communiqué does not mention Cyprus, which Mr. Papandreu has repeatedly said must be resolved.



Andreas Papandreu, left, and Turgut Ozal meeting during World Economic Forum in Switzerland.

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The Turkish invasion of Cyprus in 1974 provoked a mobilization in Greece. An all-out conflict was averted when Greece's military dictatorship collapsed. Mr. Ozal, who is maneuvering to defuse Greek and other European opposition to Turkey's bid to join the European Community, had worked hard behind the scenes to make the rapprochement on Sunday happen.

## Kirkpatrick Warily Backs INF Pact

By Helen Dewar  
Washington Post Service  
WASHINGTON — Jeane J. Kirkpatrick, the former U.S. representative at the United Nations, has said that the U.S.-Soviet treaty

to eliminate medium- and shorter-range nuclear missiles should be ratified even though it is likely to weaken NATO and leave Europe more vulnerable to Soviet threats. Mrs. Kirkpatrick, whose views

on foreign policy have a strong following among conservatives, also suggested Friday in testimony before the Senate Armed Services Committee that the INF Treaty be amended to provide for automatic termination if it is violated by the Soviet Union.

# LATIN AMERICA TOWARDS RENEWED GROWTH

London, February 11-12, 1988

### The second international conference co-sponsored by the International Herald Tribune and the Inter-American Development Bank.

**Paul A. Volcker, former Chairman of the Board of Governors of the Federal Reserve System, will give the special address at our second major international conference on Latin America which brings together an outstanding group of speakers from Latin America, Europe and the United States to review major new developments in the region and look for new ways forward.**

As places at the conference are strictly limited, we recommend that senior executives from the banking and business community interested in attending the conference should complete and return the registration form without delay.

FEBRUARY 11	FEBRUARY 12
<b>NEW INITIATIVES IN MULTILATERAL LENDING</b> Antonio Ortiz-Mena, President, Inter-American Development Bank.	<b>SPECIAL ADDRESS</b> Paul A. Volcker, former Chairman of the Board of Governors of the Federal Reserve System, U.S.
<b>BREAKING THE DEBT CIRCL: WHY LATIN AMERICA NEEDS MORE THAN CURRENT DAMAGE LIMITATION MEASURES</b> Belisario Betancur, former President, Colombia Sir Jeremy Morse, Chairman, Lloyds Bank PLC, London.	<b>HOW THE COMMERCIAL BANKS SEE NEW DEBT INITIATIVES</b> William Rhodes, Chairman, Restructuring Committee, Citibank, N.A., New York. Franz Lutolf, General Manager, Swiss Bank Corporation, Basle.
<b>FROM DEBT TO NEW FOREIGN INVESTMENT</b> Mauricio Garcia-Araujo, President, Central Bank of Venezuela.	<b>OPENINGS TO FOREIGN INVESTMENT</b> MEXICO: * Francisco Suarez, Deputy Finance Minister. ECUADOR: Rodrigo Espinosa, President of the Monetary Board COSTA RICA: Fernando Naranjo, Finance Minister
<b>PERU'S NEW FINANCING SCHEMES</b> * Gustavo Sabarwal, Minister of Economy and Finance, Peru.	<b>MULTINATIONAL COMPANIES' INVESTMENT PERSPECTIVES IN LATIN AMERICA</b> Jean-Jacques Faust, Délégué Général au Brésil et en Argentine, Compagnie de Saint-Gobain, Rio de Janeiro. Gerrit Jeelot, Vice Chairman, Philips Industries, Eindhoven.
<b>DISCUSSION ON MORNING SESSIONS</b> Luncheon THE URUGUAY ROUND AND THE CHALLENGE FOR NORTH/SOUTH COMMERCIAL RELATIONS Arthur Dunneal, Secretary General, CATT, Geneva. Enrique Iglesias, Foreign Minister, Uruguay.	<b>CHANGING APPROACHES — BRAZIL'S PRIVATIZATION PROGRAM</b> * Fernando Milliet, Governor, Central Bank of Brazil
<b>CONFERENCE CLOSURES</b>	

\*Incl./Subject to confirmation

**REGISTRATION INFORMATION:**  
The fee is \$25 plus 15% VAT for all participants. Fees are payable in advance and will be returned less \$50 for any cancellation postmarked on or before January 27.  
Please return registration form to International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH or telephone (44-1) 379-4302 or telex 262009.

**CONFERENCE LOCATION:** The Park Lane Hotel, Piccadilly, London WY 8 BX.  
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## WORLD BRIEFS

### U.K. Social Democrats Back Merger

SHEFFIELD, England (AP) — The Social Democratic Party voted overwhelmingly Sunday to merge with the Liberal Party in the latest move by Britain's quarreling centrists to challenge the Conservative grip on power. The new Social and Liberal Democratic Party is expected to be launched in March.

But the decision Sunday marked a final split of the Social Democratic Party, formed seven years ago, with its former leader, David Owen, a one-time foreign secretary, maintaining the rump of the SDP as a separate party.

The Social Democrats' policy-making council voted 273-28 at a special conference to merge with the Liberals. But 49 Owen supporters abstained, boycotting the proceedings. Mr. Owen launched his independent party at a fringe meeting, saying, "We who love this party will not be forced into a loveless marriage."

### Koivisto Favored in Finnish Election

HELSINKI (UPI) — Finns voted Sunday at the start of a two-day election expected to return President Mauno Koivisto, 64, to a second six-year term. The Finnish news agency attributed a low first-day turnout from the four million eligible voters in part to Mr. Koivisto's clear lead.

The incumbent president, a Social Democrat, and his leading challenger — Prime Minister Harri Holkeri, a Conservative, 51, and the Centre Party leader, Paavo Vayrynen, 41 — were among the first at the polls.

A final opinion survey published Saturday indicated 52 percent of Finns supported Mr. Koivisto while the challengers had about 16 percent apiece.

### Philippine Troops on Election Alert

MANILA (AP) — Troops went on full alert in four Philippine provinces where more than one million Filipinos were expected to vote Monday in regional elections. The voting had been delayed two weeks by fears of violence.

In Manila, Communist rebels reportedly said they were considering an assassination attempt against the U.S. ambassador, Nicholas Platt, and would expand their list of potential targets to include any foreigner assisting in the counterinsurgency campaign.

Voters in the central provinces of Leyte and Northern Samar and in the Mindanao Island provinces of Lanao del Norte and Lanao del Sur are to select governors, vice governors, mayors and council members. Piling up in 62 of the country's 73 provinces went to the polls in regional elections Jan. 18, but voting was rescheduled to various dates in the others because of the threat of violence.

### Gandhi Dissolves State Government

NEW DELHI (NYT) — Prime Minister Rajiv Gandhi has dissolved the government of the southern state of Tamil Nadu, acting after violent browbeating by political factions on the floor of the State Assembly had to be broken up by the police.

The government was dissolved on Saturday, after at least 30 lawmakers were reported injured in a melee in which chairs, paperweights, fans and other objects were hurled back and forth by members of the feuding factions, both of which belong to the political organization of M.G. Ramachandran, the former chief minister of the state.

There has been political turmoil in the state since the death on Dec. 21 of Mr. Ramachandran. Politicians said that new elections would be watched as an indication of Mr. Gandhi's political fortunes and could be crucial to whether he could sustain support for having sent more than 20,000 army troops as a peacekeeping force to Sri Lanka.

### For the Record

Prince Norodom Sihanouk has announced in Beijing that he is resigning as president of Cambodia's anti-Vietnamese government-in-exile because of conflicts within the three-party coalition. The prince said Saturday that he would again break off peace talks with Hun Sen, the prime minister of the Vietnamese-backed government. (UPI)

The United Mine Workers union and the largest U.S. coal operators reached agreement on a proposed new contract Saturday, a day before a 40-month contract was to expire. The agreement, reached in Washington, still must be approved in a membership vote, probably on Feb. 8. (AP)

Diogo Freitas do Amaral, runner-up to Mario Soares in Portugal's last presidential election, was elected leader of the right-wing Christian Democratic Party on Sunday at a congress in Povoa de Varzim. (Reuters)

## TRAVEL UPDATE

### Strike Is Set Against British Ferries

LONDON (Reuters) — Seamen's union leaders have called a strike beginning Tuesday against all British ferries to support a monthlong strike by ferry crews in the Irish Sea.

Delegates at a meeting of the National Union of Seamen's national ferryport committee pledged full support Saturday for the strike against all British ferries operating from British ports to the Continent and Ireland.

The action was in support of 161 crew members on the ferry service from the Isle of Man in the Irish Sea to the northwestern port of Heysham. They have been on strike since Dec. 29 over proposals by the Isle of Man Steam Packet Company to lay off workers and cut salaries.

International flights from Cairo have been delayed and internal services disrupted for three days by pilots of the national carrier EgyptAir. The pilots, who are seeking bonuses, began a job action Friday. (Reuters)

The U.S. Federal Aviation Administration has ordered Ryan Air Service, the largest commuter airline in Alaska, to suspend operations pending reorganization, retaining of employees, and maintenance and inspection of planes. Since 1980, Ryan Air flights have been involved in 12 accidents in which 30 persons have been killed. (UPI)

A strike Monday by technical workers at Buenos Aires airports is expected to affect international and domestic flights of the state-run Aerolineas Argentinas, officials said. (AP)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Gambia, Senegal.  
TUESDAY: Liechtenstein, Sri Lanka.  
WEDNESDAY: Mozambique, Nepal, Paraguay.  
THURSDAY: Angola, Sri Lanka.  
FRIDAY: Mexico, San Marino, Tanzania.  
SATURDAY: New Zealand.  
SUNDAY: Grenada.

Source: Morgan Guaranty Trust Co., Reuters.

### DOONESBURY

**NO. 121**  
DID YOU SEE ME M-H-MOP UP THE FLOOR WITH BUSH, Y-PERSON? I AM THE TOAST OF DES MOINES!

**NO. 122**  
NO, I'M AFRAID I MISSED IT, RON... ARE HAS-BEEN CITY!

**NO. 123**  
AND BIG AL HAIG IS SO DESPERATE HE JUST FLEW OUT FOR A THEFT-PROOF FF-FUND-RAISER!

**NO. 124**  
SIR! I WELCOME YOU TO MALIBU! I WANT THIS ROOM CLEARED OF ALL CHEESE!

**AMERICAN TOPICS**  
Special Columns  
Special Side-track

**About People**  
By G. Brown

**Asians Pro...**

**Legal Battle Seen**  
**Abortion Rule**  
**Clinics in U.S.**

WASHINGTON — In the first step of what promises to be the most significant legal battle since the Supreme Court's 1973 decision in Roe v. Wade, the Reagan administration has announced a new rule that would require abortion clinics to refer women to a physician who would perform the procedure. The rule would also require the physician to refer women to a physician who would perform the procedure.

The Department of Health and Human Services has announced that it will require abortion clinics to refer women to a physician who would perform the procedure. The rule would also require the physician to refer women to a physician who would perform the procedure.

The rule would also require the physician to refer women to a physician who would perform the procedure. The rule would also require the physician to refer women to a physician who would perform the procedure.

**Herald Tribune**  
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BRIEFS
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Social Democratic Party
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to challenge the Conservative
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council voted 273-28 in a
s. But 49 Owen supporters
Owen launched his campaign
who love this party will

AMERICAN TOPICS

Railroad Caboose

Roll to Last Sidetrack

Only two states still require
caboose at the end of freight trains.
The Virginia legislature is consid-
ering dropping the requirement,
and a federal court has ruled that
Montana's law is unenforceable.
Thus another artifact of railroad-
ing is going the way of the steam
locomotive and its lonesome
whistle, Jim Lancaster of The
Washington Post reports.



ROUND-THE-WORLD RECORD — Captain Clay Lacy talks to reporters in Seattle after breaking the round-the-world speed record on Saturday in a Boeing 747-SP passenger jet. The United Airlines jet made the trip in 36 hours, 54 minutes and 15 seconds from Boeing field in Seattle. The 23,125-mile (37,546-kilometer) trip included refueling stops at Athens and Taipei. On board were 141 passengers, including 100 who paid a minimum of \$5,000. The money raised will be given to children's charities by the flight's sponsor, the nonprofit Friendship Foundation.

of the Soviet Union in 1962 at the
request of Eugene Ormandy,
whose Philadelphia Orchestra
gave the work its first American
performance. The Washington
Post reports. The symphony uses
five poems by Yevgeny Yevtush-
enko on such subjects as anti-
Semitism and the hard life under
Stalin. "I felt very nervous," Mr.
Rostropovich recalled. "If they
found it, in the best case I would
never have traveled to the West
again, though travel to the East"
— meaning Siberia — "was not
out of the question." But "when a
great humanistic work is born,
whether in literature or in music,
I think no true patriot of any
country would keep it from the
world."

Michigan's month-old "kiddie
tax," an apparent legislative over-
sight that would have taxed chil-
dren's after-school earnings, has
been repealed. The repeal bill ex-
empts people making less than
\$1,500 a year from state income
taxes. Governor James J. Bligh-
ard, in signing the repeal, said,
"The small amount of money
youngsters earn from paper
routes or baby-sitting or snow
shoveling should not be taxed."

When a blizzard stranded 21
cars and four trucks near St.
James, Minnesota, in zero-degree
(minus 18 centigrade) weather,
Loretta and Gerald Hoffman in-
vited the 63 occupants, aged three
weeks to over 70 years, into their
house to bed down on the floor
and stay for breakfast. Mrs. Hoff-
man said that luckily she had just
bought groceries.

Arthur Higbee

Upstairs, Bush Claims Michigan Victory

By E.J. Dionne Jr.

New York Times Service

GRAND RAPIDS, Michigan —
The Michigan Republican Party's
long and fractious contribution to
the process of selecting the next
president of the United States has
ended in a political production of
upstairs, downstairs.



Pat Robertson waves to backers at his "duly authorized" version of the Michigan Republican Party convention, held in Grand Rapids.

Upstairs, at the main auditorium
of the Civic Center here, the official
Michigan state convention chose a
state of national convention dele-
gates Saturday that will be led by
supporters of Vice President
George Bush. Mr. Bush called the
development a "big, clear win."

Downstairs, in another room,
Pat Robertson's supporters ran
their own convention and chose a
different delegation, dominated by
partisans of the former television
evangelist.

The fight over which delegation
should be seated seems likely to go
all the way to the national conven-
tion, to be held in New Orleans in
August.

Mr. Robertson, who flew to
Grand Rapids to address his con-
vention, which he called "the duly
authorized" meeting, condemned
the Bush forces as "party bosses"
who engaged in "backroom deals."

Thus the state party, which be-
gan this whole exercise in August
1986, concluded it on a note of
anger and dismay.

Mr. Bush's supporters were
buoyant if exhausted after months
of skirmishes in which they turned
what had once seemed like a cer-
tain defeat into a sort of victory.

"We've come back from the dead
in Michigan," said Rich Bond, Mr.
Bush's national political director.
Mr. Bush, speaking to supporters
by a telephone hookup from Iowa,
said his victory had come in "the
first really meaningful, delegate-
oriented event of 1988."

The official delegation to the na-
tional convention will be made up
of 37 Bush delegates, 52 delegates

for Representative Jack F. Kemp
of New York, and 8 delegates for
Mr. Robertson, who once declared
that he would command 44 of the
77 delegates that Michigan will
send to the convention.

Charlie Black, Mr. Kemp's na-
tional political director, said Mr.
Bush would get "a small bump" out
of his victory. But Mr. Black noted
that his own candidate also would
get a lift as a result of the large
number of delegates whom Kemp
negotiators had picked from the
Bush campaign.

The conventions Saturday were a
clear disappointment for Mr. Rob-
ertson, who saw his brief domi-
nance of the Michigan party crum-

blers gained the edge over Mr. Bush
at a closely fought national conven-
tion, they might unsettle Michigan's
Bush delegation and seat the com-
peting Robertson delegation in its
place. Mr. Robertson's convention
gave him 43 delegates, Mr. Kemp
21, and Mr. Bush 13.

The twin conventions followed
months of lawsuits, maneuvering
and changing alliances. Robertson
supporters walked out of more
than two dozen county conven-
tions and held rump meetings, set-
ting up the competing delegate
slates.

Mr. Robertson did not try to
hide his bitterness at the outcome
of events.

"What we have seen in Michigan
is an attempt by a few to mislead a
vast number to maintain control of
their petty little political fiefdoms,"
he told his supporters. "And, in the
process, they have been willing to
destroy the Republican Party of
Michigan."

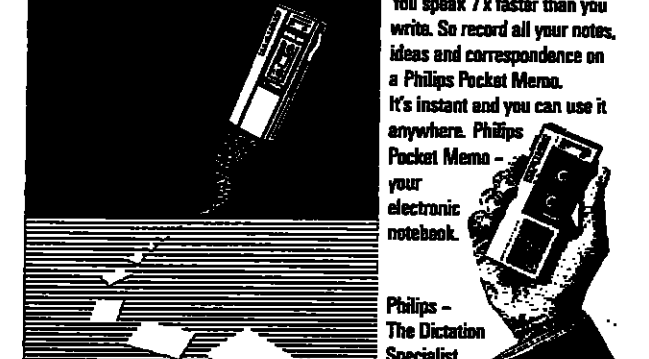
With the two sides a floor apart,
the two conventions rolled toward
a rapid conclusion, with each
peacefully ratifying the slates put
together by their leaders, who con-
ceded the opposing side only the
number of delegates they thought
necessary for the sake of credibil-
ity.

But with Mr. Robertson's sup-
porters justly cheering every at-
tack on Republican regulars, the
battle offered a foretaste of what
could become a bitter split be-
tween pro-Robertson evangelical
conservatives and the rest of the
party.

"I think they've got real prob-
lems putting the party back togeth-
er," said Mr. Devine. "This split
goes pretty deep."

Marc Nuttle, Mr. Robertson's
campaign manager, raised the possi-
bility that if Mr. Dole's support-

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Asians Protest U.S. Decision on Duties

By Michael Richardson

International Herald Tribune

SINGAPORE — A U.S. de-
cision to end duty-free concessions
on exports from four Asian nations
will undermine American credibil-
ity in future trade negotiations, of-
ficials of those nations say.

The total value of exports affect-
ed was about \$10 billion last year,
and the duty exemption saved com-
panies in the four countries about
\$500 million, economists estimat-
ed.

But analysts called the announce-
ment a landmark, saying it
effectively meant that the four new-
ly industrialized Asian countries
were being elevated to the ranks of
developed nations.

They said that the European
Community was likely to follow the
U.S. lead and end comparable
trade concessions for Taiwan, Sin-
gapore and Hong Kong. The fourth
country affected, South Korea, was
recently suspended from the EC
plan over a trade dispute.

Diplomats said Sunday that the
Singapore government was expected
to protest the decision when the
U.S. signature secretary, Richard
E. Young, arrives Tuesday on an
Asian tour.

The White House announced the
decision Friday, saying that as of
January 1989, Hong Kong, Singa-
pore, South Korea and Taiwan

would be dropped from a duty-free
program for developing countries
known as the Generalized System
of Preferences, or GSP.

Lee Hsien Loong, the Singapore
minister for trade and industry, de-
scribed the move as "a foul blow."

Yeung Kai-Yin, Hong Kong's
acting secretary for trade and in-
dustry, said that it sent "the wrong
signal" to other Third World na-
tions. He said it would "remove an
important incentive" for them to
open their markets more widely.

The trading systems of Singapore
and Hong Kong are among the best
in the world.

In official statements to U.S. of-
ficials, Hong Kong and Singapore
argued strenuously that it was un-
fair to put them in the same category
as South Korea and Taiwan,
both of which maintain extensive
protectionist barriers and have
much larger trade surpluses with

the United States than do Singa-
pore and Hong Kong.

Mr. Lee said that Washington
had promised a favorable deal on
duty-free access to the American
market if Singapore tightened its
copyright laws to protect U.S. in-
terests.

Coming barely seven months after
Singapore had complied, he
said, the decision to "graduate us
undermines U.S. credibility." Mr.
Lee added that if Singapore
reached new accords with the
United States, "there is no telling if the
U.S. will respect the agreement in
letter and spirit."

Rha Woong Bae, the South Ko-
rean minister for trade and in-
dustry, said his government was con-
sidering filing a lawsuit with the
General Agreement on Tariffs and
Trade over the decision.

GATT, which is based in Gene-
va, supervises international trade
relations and is empowered to ad-
judicate disputes between its 95
member countries.

Mr. Rha did not say what the
challenge would be based on.

But Singapore officials alleged
that Washington had turned a
trade concession program that was
supposed to be nonreciprocal and
nondiscriminatory into one that
demanded conformity to at least
six conditions, including equitable
market access for U.S. goods and
services.

American officials said they be-
lieved the plan was fully consistent
with GATT rules. They said that
the export-driven economies of the
four East Asian nations had be-
come so successful that they no
longer needed trade concessions.

The American GSP program was
intended to benefit 140 developing
countries and territories. But Tai-
wan, Singapore, Hong Kong and
South Korea captured nearly 60
percent of GSP benefits last year,
U.S. officials noted.

By giving better access to other
countries in greater need of export
assistance, American officials said,
the international trading system
would be strengthened.

While officials and businessmen
in the four Asian countries were
critical of the American decision,
they said that the loss of U.S. trade
preferences was unlikely to have a
major impact on the economic
health of the four countries.

They added that many local and
foreign companies, including sub-
sidiaries and affiliates of U.S. mul-
tinationals, had taken advantage
of the GSP program and would
absorb additional costs to remain competitive.

American officials said that the
GSP trade of the four Asian coun-
tries represented no more than 20
percent of their total trade with the
United States.

The average U.S. tariff on the
3,000 products that have been eligi-
ble for GSP treatment was about 5
percent, they added.

Legal Battle Seen On Abortion Rule At Clinics in U.S.

New York Times Service

WASHINGTON — In the first
formal step of what promises to be
a titanic legal battle, the Reagan
administration has prohibited a
vast majority of the nation's family
planning clinics from providing ad-
vice or any other assistance that
would help women obtain abor-
tions.

The Department of Health and
Human Services has issued final
rules saying that family planning
programs receiving federal funds
may not provide abortion counsel-
ing, may not refer women to abor-
tion providers and may not engage
in lobbying or legal action to in-
crease the availability of abortion.

The rules are to take effect
March 3. But the states of New
York and Massachusetts, the city
of New York, the American Civil
Liberties Union, the Planned Par-
enthood Federation of America
and a national organization rep-
resenting 4,000 family planning
clinics that receive federal funds
said they would file lawsuits to
challenge the restrictions.

Spokesmen said the clinics faced
an unworkable choice: giving up
federal funds they say are essential
to their operations, or complying
with the rules and denying preg-
nant women information.

The new rules reverse current
federal guidelines, which state that
clinics receiving federal funds
must, on request, offer counseling
about abortion and make referrals
to doctors who provide abortions.

The administration said these
guidelines were inconsistent with a
1970 law prohibiting the use of fed-
eral funds in "programs where
abortion is a method of family
planning."

If you haven't seen last week's INTERNATIONAL POSITIONS rubric,
please ask for a free copy: Max Ferraty,
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INTERNATIONAL POSITIONS

You will find below a listing of job positions published
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Table with 3 columns: TITLE, SALARY, EMPLOYER. Includes positions like RESEARCHER, DIRECTOR OF DEVELOPMENT, FX DEALER ARBITRAGER, AUTOMOTIVE EXECUTIVE, PRODUCTION CONTROL/QUALITY CONTROL, SALES VICE PRESIDENT, MANAGER, TECHNICAL ADVISOR, VICE PRESIDENT OF MARKETING.

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PHILIPS

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Debate  
Membership

oes not have an official...  
...membership...  
...years for approval...  
...detailed program...  
...Opponents of membership...  
...a "Swiss option" whereby...  
...would emulate Switzerland's...  
...economic structures. Opponents...  
...on with East bloc nations...  
...possible by Mikhail S. Gorbachev...  
...forms.

Mr. Bock believes both...  
...are ridiculous...  
...Looking back doesn't help...  
...over in Mitterrand's...  
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...the West.

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# At Least 13 in South Africa Die in Fighting Among Blacks

**CAPE TOWN** — Hundreds of homes have been burned to the ground and at least 13 persons killed in an upsurge of violence by blacks against blacks in two parts of South Africa.

In Cape Town, factional fighting devastated the densely populated KTC squatter camp Friday and Saturday. About 773 miles (1,250 kilometers) to the east, in the hills of Natal Province, eight more persons died in fighting between rival Zulu groups that continued Sunday.

An uneasy peace returned to the burned-out KTC settlement Sunday after gangs set fire to about 400 shanties in a feud between conservative vigilantes and radicals. Five persons were killed, local newspapers reported.

Squatters and the Reverend Allan Boesak, a mixed-race leader, charged that the police did nothing to stop the fighting.

The police stood by while people provoked and killed each other, Mr. Boesak said.

Police officials rejected the allegation, saying they had tried to bring the two sides together.

About half of the KTC camp, which is near Cape Town's airport, a few miles from white suburbs, was destroyed in two nights of battles that left at least 1,500 homeless.

Many residents said the arson was linked to government plans to clear the camp and move squatters.

One squatter, Tony Pkile, said he expected the white authorities to send in bulldozers to clear KTC, as they did after similar fighting in the nearby Crossroads camp in 1986.

The black power struggle among Zulus around Pietermaritzburg, the Natal capital, continued Sunday, with the police reporting eight deaths.

Three blacks were found stabbed to death in Sweetwaters, one of the rural townships engulfed in the feud between the conservative Inkatha movement and the United Democratic Front.

About 400 blacks have died since the fighting began early last year.

In KTC, squatters combed the remains of their homes Sunday, searching for possessions and carrying off building materials.

Hundreds of refugees, many of whom lost all their possessions in the fires, set up makeshift wood or iron shelters on nearby wasteland.

Many said they feared a return to KTC and would go elsewhere.

## Blacks Cancel Talks

A West German politician said Sunday that several South African black leaders have canceled talks with a West German parliamentary delegation following a visit to South Africa by Franz Josef Strauss, the conservative prime minister of the state of Bavaria, Reuters reported from Bonn.

Günther Verheugen of the Social Democratic Party said his party's representatives would probably not go to South Africa with the Bundestag's Foreign Affairs Committee after the United Democratic Front, church leaders and trade unionists said they would not meet with the delegation.

The front is South Africa's largest legal group fighting apartheid. The committee planned to leave Feb. 6 for a two-week visit to South Africa, Angola and Zambia.

Mr. Strauss ended his 10-day visit Saturday, hailing "changes for the better" in South Africa and denouncing economic sanctions against Pretoria.

## ISRAEL: 5 Hurt in Clashes

(Continued from Page 1)

and then at the ground. They are then supposed to shoot only at the legs.

Journalists checking hospitals and refugee centers in recent days have not encountered any more cases of hands having been deliberately broken. Most injuries have been to the shoulders, legs, abdomens and, in some cases, heads, according to doctors and Palestinians themselves.

Many of the beatings occurred not when protesters were caught in street clashes, but in nighttime raids on refugee centers.

Mr. Habib's mission, confirmed by the State Department, came after intensive Washington discussions with President Hoshi Mubarak of Egypt and representatives of Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres of Israel.

State Department officials said that Mr. Habib's objective was to bring Hussein into the process as Secretary of State George P. Shultz tries a new approach to dealing with the occupied territories.

Mr. Shultz wants to find ways to improve living conditions and increase self-government and freedom for Palestinians in the West Bank and Gaza during a transitional period, as well as to explore the political and legal status of the territories after such a period, aides said.

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## PIPELINE: Meese and Other Officials Entangled in a 'Nightmare' Deal

(Continued from Page 1)

successful San Francisco personal injury lawyer who had been Mr. Meese's personal attorney.

The pipeline project's roots go back to 1983, long before Mr. Wallach and Mr. Rappaport came on the scene. In that year, Iraq was faced with the shutdown of an oil pipeline by Syria and was exploring other routes to export its oil.

Among the options were new pipelines in Turkey and Saudi Arabia and through Jordan a port on the Gulf of Aqaba.

The prospect of building the huge pipelines attracted Bechtel Group Inc., a U.S. engineering company that had done considerable business in the Middle East.

Bechtel realized that the main hurdle facing the pipeline would be insurance. Iraq and Jordan, through which the pipeline would pass, were demanding guarantees that the interest payments would be met if Israel or anyone else attacked and destroyed the pipeline.

That request prompted Bechtel to explore the idea of insurance with the Overseas Private Investment Corp., a U.S. government agency that insures projects against political risks.

Bechtel officials also concluded they would need to make contact with the Israeli government, and so in February 1985 they reached a tentative agreement to form a partnership with Mr. Rappaport, Tom Flynn, a spokesman for Bechtel, said Mr. Rappaport had been referred by Japanese business interests, adding, "We were led to believe he had some experience in Israel."

Within two weeks, Mr. Rappaport delivered. Mr. Flynn said he produced a letter from Shimon Peres, who was then prime minister, that promised Israel would not interfere with the pipeline.

"That was the signal," Mr. Flynn said, "Rappaport's way of showing our folks he could be useful."

Mr. Wallach arranged a meeting with Mr. McFarlane. The session took place at the White House in June. Present were Mr. McFarlane, Mr. Rappaport and Mr. Wallach.

Three days later, on June 27, Mr. McFarlane convened a White House meeting with officials of the overseas investment agency and told them the project was a matter of national security interest.

Officials said the agency had numerous questions about the deal, including the amount of insurance required, which was nearly \$400 million, the lack of diplomatic agreements on insurance, and the unusual demands being made by Iraq.

By midsummer, however, the overseas investment agency became more concerned about the background of Mr. Rappaport.

One agency official took his concerns about Mr. Rappaport to a National Security Council official — not Mr. McFarlane — who replied that the White House was vouching for Mr. Rappaport, an official said. Still not convinced, the agency's officials asked the CIA

to give them a background report on Mr. Rappaport.

The CIA responded by sending a two-page report, classified "secret," that contained information almost entirely available from newspaper clippings or public filings. It disclosed little of substance about Mr. Rappaport.

Unbeknownst to officials of the investment agency, the CIA knew more about Mr. Rappaport. Mr. McKay has obtained a CIA document about Mr. Rappaport that was put together in connection with the National Security Council's efforts on behalf of the project, according to officials.

One official familiar with its contents said it included information about questionable business dealings by Mr. Rappaport and also cited the role he had played in representing Israeli interests. Although that information caused concern among some participants in the deal, it apparently was never passed on to Mr. McFarlane or to the Overseas Private Investment Corp., officials added.

Throughout the summer, Mr. Rappaport and Mr. Wallach continued to maintain that the Israelis were enthusiastic supporters of the project.

American officials insist that Israel was willing to pledge either American foreign aid money or Is-

raeli government money as insurance that it would not attack the pipeline. They believed that Israel was motivated by the promise of a share in the oil. They said the terminal in the Gulf of Aqaba would be controlled by Mr. Rappaport.

By October 1985, it was clear the project was running into problems. Iraqi officials told a visiting American delegation that they had serious reservations about the plan.

When an official of the overseas investment agency confronted the National Security Council with the negative reports emanating from Baghdad, he said he was told: "National security is our business. You mind yours."

Mr. Wallach, meanwhile, had traveled to Israel to meet with Mr. Peres. He told an associate that Mr. Meese had authorized the trip. Mr. Peres also wrote a letter to Mr. Meese, indicating that Israel backed the project.

The issue of Israel's role in the project, and the Overseas Private Investment Corp.'s objections, became critical in October.

The agency's general counsel, Ralph Shanks, sent a memo to Mr. Meese at the Justice Department that sought a legal opinion on several questions about the assignment of Israeli aid to secure the proposal. That document was a classic example of Washington gamesmanship, according to officials who have seen it.

"We were trying to abort the deal," one official said. "Going to Justice was part of that strategy."

Supporters of the project, including Mr. Wallach, steered the memo around the normal channels so that Mr. Meese quickly received an opinion from a Justice Department lawyer that suggested ways in which the legal obstacles could be surmounted, according to documents and Justice Department officials.

Mr. Meese, who was already playing a highly unusual role in foreign affairs, supported these maneuverings, according to former Justice Department officials.

But opponents of the project, including Mr. Shanks, who had previously worked in the same Justice Department office, forced the memo into official channels, where it received a totally negative opinion from department lawyers, according to former officials. Such a financing plan was not legally possible, the Office of Legal Counsel concluded.

The deal, however, was not yet dead. Administration officials continued until the end of 1985 to try to come up with creative solutions to the insurance problem. But Mr. McFarlane resigned from his post as national security adviser in early December.

Then Admiral Poindexter, who had approved the arms sales to Iran, listened to what Mr. Clark, the former security adviser, had to say and shut down the project.

Mr. Meese avoided reporters at the Justice Department seeking to question him. His lawyers, however, deplored news accounts and said "no actual or potential violation of law was brought to Mr. Meese's attention during his limited participation in discussions regarding the project."

Mr. McKay met at the White House with aides to Mr. Reagan on Friday and told them that his investigation of Mr. Meese had become very serious, according to sources cited by The Washington Post.

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## TET: Viet Cong Officers Describe the 1968 Offensive

(Continued from Page 1)

er considered Vietnam to be two countries.

Vietnamese officials say they intend to celebrate the 20th anniversary of Tet Mau Than quietly. On Feb. 17, the day Tet falls this year, military officers will visit the homes of those who died in the cities and provinces.

The offensive took a large toll. Perhaps 70,000 or more Vietnamese combatants and civilians died. It left a bitterness among some southern Communists, who now say they were ordered to push for a general offensive before completing the political groundwork in the South.

"In order to make a popular uprising, you have to prepare it well, you have to infiltrate the economic base and prepare it to receive troops," said Huynh Son Phuoc, deputy editor of *Tiet Tre*, the youth paper. "The political force did not show in 1968 when the attacks occurred."

All over South Vietnam, from Hue, where the fighting was longest and most severe, to the Mekong Delta, the Tet offensive caused people to choose sides, many Vietnamese now say. Whether exposed by their activities or persuaded by friends, relatives or events, many South Vietnamese drifted out of equivocation into support for an anti-French nationalism, if not communism.

General Nguyen Phu Hanh, the South Vietnamese officer who finally surrendered Saigon in 1975, was a regional commander near the Cambodian border in 1968. He recalls Tet Mau Than as a surprise and shock to his troops but not so severe a military setback as another offensive, in 1972.

"In 1968, there was not much information on the revolutionary troops," he said in an interview. "The VC were not thought to be very strong. Nineteen seventy-two more than 1968 changed that."

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"In 1968, there was not much information on the revolutionary troops," he said in an interview. "The VC were not thought to be very strong. Nineteen seventy-two more than 1968 changed that."

"By 1972 or 1973," he said, "there was no esprit de corps left in some military units because of the corruption of commanders. Everyone began to have people on both sides of the war in a family."

A South Vietnamese newspaper journalist who reported on the 1968 offensive said the most effective fighting forces in putting down a second wave of attacks in May were small groups of South Vietnamese Special Forces who fanned out into neighborhoods and used the guerrillas' own tactics of surprise to overcome and capture the Viet Cong with minimal harm to the civilians there.

He said that if the United States had encouraged more counterinsurgency by Special Forces or Ranger units, many Viet Cong would have been caught without great loss to civilian life — and the consequent rise of anti-Americanism.

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## U.S. to Furlough Air Force Staffers

Washington Post Service

WASHINGTON — The U.S. Air Force has approved layoffs of up to 10 days for 84,000 civilian employees of its Logistics Command and warned union leaders that further furloughs may be in the works because of budget cuts.

The Logistics Command buys, supplies, maintains and supports planes and missiles.

"Massive furloughs within the air force will occur because of inadequate funds," the American Federation of Government Employees said. The union added that cuts in the Strategic Air Command and Air Training Command are under consideration.

The furloughs are part of an effort throughout the government to reduce spending to levels authorized in the budget bill signed in December.

The furloughs are part of an effort throughout the government to reduce spending to levels authorized in the budget bill signed in December.

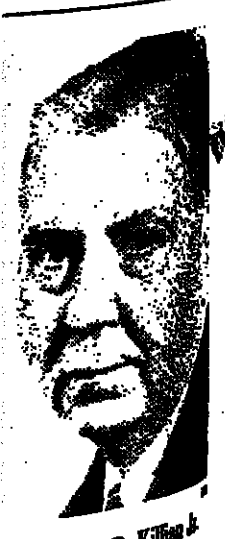
The furloughs are part of an effort throughout the government to reduce spending to levels authorized in the budget bill signed in December.

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James R. Kilian Jr.

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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

A Middle East Window

Seize the moment of broad and fresh interest in the Palestinian issue and convert it into progress toward an Israeli-Palestinian settlement, says Egyptian President Hosni Mubarak...

conference, charge the Arabs with finding an acceptable way to tick in the Palestinians, set up a working group on the Palestinian-Israeli issue and let it proceed...

Defer a Contra Decision

Yes or no: Continue aid to the contra rebels in Nicaragua, or finally cut them off? For the last seven years the Reagan administration has by hook and crook kept the aid flowing...

cently moved significantly toward compliance, lifting emergency rule, promising freedom to political prisoners and allowing media access to opponents.

No to Mini-Star Wars

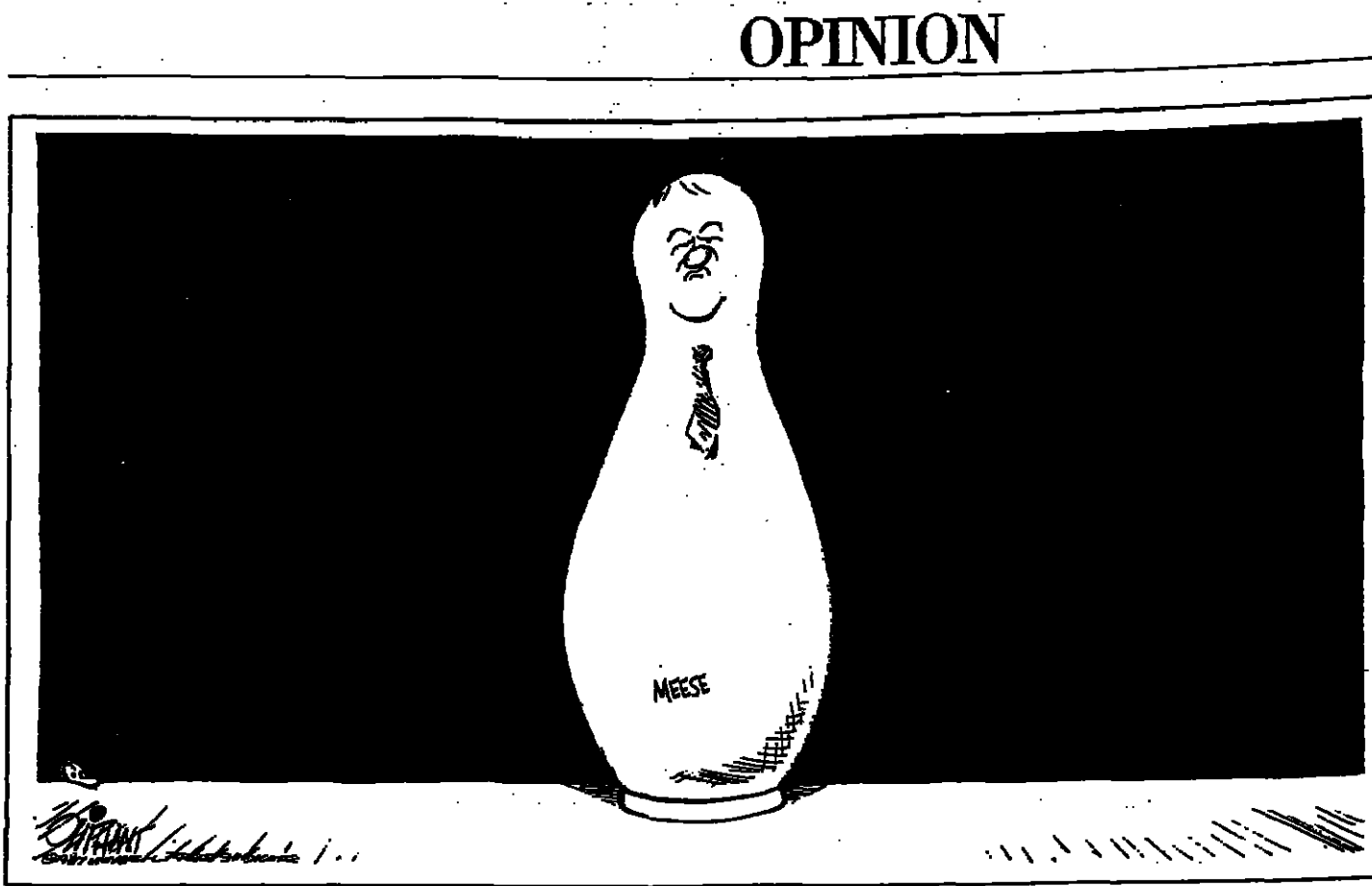
Senator Sam Nunn went to dinner at the Arms Control Association last week to receive a peace award, and dropped a bombshell...

his insurance policy. But he will have to think about whether the premium, likely to be very high, makes sense against so unlikely a risk.

Other Comment

Don't Talk With Terrorists
The nightmare is back. Terrorists in Beirut kidnapped West German businessman Ralf Schury last Wednesday as he was walking to work...

method of dealing with a long-term problem. As in any war, it is the few who have to sacrifice for the good of the many.



OPINION

Palestinians: The First Steps Have Been Taken

By Hana Simiora

WASHINGTON—The sacrifices of the post-1967 generation of Palestinians, paying the ultimate price for their lives—have achieved the seemingly impossible goal of rekindling interest in a long-festering issue...

Whether it is called nonviolent resistance, civil or (probably the best term) national disobedience, it is important for several reasons.

discard conventional methods that have not worked in the past. Mr. Mubarak, to succeed, must be unorthodox—not committed to a specific way, yet committed to a consensus.

Negotiate a Separate Solution for Gaza

By Meir Zamir

ITHACA, New York—The United States cannot afford to delay a new peace initiative in the Middle East until after the presidential election in November and the Knesset elections in September.

young militant Palestinians—particularly the Moslem fundamentalists, many of whom are members of the Moslem Brotherhood and Islamic Jihad—perhaps Yasser Arafat would for once adopt a more reasonable policy...

Gaza's inhabitants want an end to the Israeli presence. A temporary solution involving an autonomous administration under Jordanian supervision might appeal to many, particularly if it were accompanied by humanitarian aid from the West and Arab countries to refugees in camps.

Nicaragua: The Dynamics of Change Must Prevail

By Carlos Fuentes

CAMBRIDGE, Massachusetts—Right after he awarded me the literary Order of Ruben Dario a few weeks ago, Daniel Ortega announced that he was inviting me and my friend, the novelist William Styron, along on his trip that night to the Central American presidents' meeting in San José, Costa Rica.

capitalists and the United States, while promoting programs in education, land reform and infrastructure.

opening of the San José conference, glass roofs are likely to be shattered. The report of the Arias plan's verification commission said as much.

100, 75 AND 50 YEARS AGO

1888: Aliens Targeted
WASHINGTON—In the House of Representatives (on Jan. 31), Mr. Chipman, of Michigan, introduced a bill providing for the punishment by fines or imprisonment of any alien superintendent, manager, or director of any corporation...

1913: Suffragists Attack
LONDON—For discharging leaden bullets from a catapult in the Westminster Palace Hotel, Miss Jacky-dawna Melford, 24, was yesterday (Jan. 31) fined 40s. Mr. Melford said his daughter was an enthusiastic Suffragist through no fault of his. Suffragists of Birmingham damaged painting greens on golf courses.

1938: Naval Race Looms
LONDON—The United States may lay down 40,000 tons of steel for three similar vessels this year if Japan builds two and forces abandonment of the 35,000-ton limit imposed by the London Naval Treaty of 1930.

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WETTING, Chairman 1988-1992
KATHARINE GRAHAM, WILLIAM S. FALEY, ARTHUR OCHS SULZBERGER
LEE W. HUERNER, Publisher
JOHN VINOCUR, Executive Editor

To Moscow: Decolonize East Europe

By Zygmunt Nagorski

NEW YORK—As the leaders of the two superpowers continue to bask in the summit afterglow and talk of other triumphs down the road, it becomes even more important to recall that one major aspect of their relations has been left untouched.

Russians don't really need puppet regimes on the western border

Yalta agreement, which stipulates free elections in Poland—an agreement cast aside by the Soviet Union with recklessness and disdain.

Current

Table with multiple columns and rows of text, likely a financial or market report.

Various advertisements and notices on the right edge of the page, including 'TRANSMIT', 'Loss of Conve', 'Makes Bondhol', 'Current', and 'Last Week'.



FROM TRANSMITTERS MONDAY, FEBRUARY 1, 1988

BONDS A Loss of Convertibility Makes Bondholders Wary

By JOHN C. BOLAND New York Times Service WHILE takeovers and restructurings may enrich common stockholders, owners of corporate bonds in many cases are left reeling from losses. That has been particularly true in recent months for holders of debt convertible into corporate shares. These bonds are generally sold at lower than prevailing interest rates because investors get a kicker: a change to share in any appreciation of the common stock. But in some instances, bondholders have taken a beating. Last February, Paco Pharmaceutical Services, which does manufacturing and packaging work for drug companies, sold \$50 million of 6.5 percent debentures convertible into common stock at \$30.16 a share. The common was trading then at \$23.75. But Paco's fortunes quickly deteriorated, and the stock, which had been declining since March, sank to as low as \$6.75 in December. Now management is supporting a takeover proposal by R.P. Scherer Corp. at \$15.25 a share. After the transaction, the company will offer to redeem the bonds, which will have lost their convertibility—at 60 percent of the price investors paid a year ago. In June, Catalyst Energy Corp., a major independent producer of electricity, sold \$230 million of 7.75 percent debentures convertible into common at \$26.45 a share. That followed a first quarter in which earnings jumped to 33 cents a share from 8 cents a year earlier. But as margins shrank, the June quarter brought a pretax loss. The common, which had reached \$29 in March, sank to \$3.75 in December. A management group has proposed to take the company private at \$10. The seven-month-old debentures were bid last week down 40 percent. Holders of two 1986 convertible issues, from Sterling Software and Warehouse Entertainment, both of which have received proposals to go private at about half the conversion prices, also face losses.

WHEN THE conversion option vanishes, so does some of the bond's value. "The convertible bond is left with a bond with no equity behind it," said James A. Engle, a vice president with Wood, Lufkin & Winthrop, a money-management unit of Donaldson, Lufkin & Jenrette Securities Corp. "Bond investors argue that they are deprived in these and many other transactions of something of value—a conversion premium, a reasonable credit rating—without compensation. This happens, they say, because under statute and case law management appears to have no obligation to bondholders beyond the terms laid out in the lending agreement, known as the indenture. Mergers and restructurings brought sharp mark-downs last year in the credit ratings—and bond values—of Borg-Warner, Burlington Industries, Carter Hawley Hale, Joy Manufacturing and Jim Walter, among others. And bond analysts have placed debt issues of American Brands, G. Heileman Brewing and Santa Fe Southern Pacific on "watch lists," a step that often precedes downgrading, because of concern about transactions that could benefit shareholders but damage bondholders. "You own an instrument and there is a change, but the indenture doesn't provide for change," said Richard S. Wilson, manager of Merrill Lynch's corporate credit unit. "Managements have no fiduciary responsibility to bondholders. All they have to do is abide by the indenture. Bondholders in many cases invest more than 50 percent of the capital and are treated like garbage." Bondholders seem to have little recourse if they have not been wary about the terms under which they lend. "If you can't find protection in the indenture, tough luck," said Corey W. McDaniel, a corporate attorney who has written on bond legal issues. "The safeguards in indentures tend to be 'inadequate,'" he said, in part because terms stringent enough to protect bondholders against every eventuality would deprive corporate managers of their ability to do what they see fit. "It's a lack of vigor by indenture trustees, who are charged with overseeing the integrity of the bond. Mr. McDaniel suggests that one remedy would be the establishment of directors' fiduciary duty to bondholders comparable to their duty to stockholders. Bondholders may be turning more aggressive. Last year, a Delaware court rejected a claim by holders of Knoll International convertible debentures that the company breached a fiduciary duty in offering to buy in both the common and the debentures—the latter at a discount from face value. The case is on appeal. Mr. Wilson, author of a book entitled "Corporate Security Securities," draws a connection between the yields and the safeguards. "You would have to give up some yield if you wanted more protection," he said.

Carl Gewirtz's Eurobonds column will resume next week.

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Currency Rates table with columns for Country, Bid, Ask, and other rates.

Forward Rates table with columns for Currency, 30-day, 60-day, 90-day, and other rates.

Stock Indices table with columns for Index, Jan. 29, and Jan. 30.

Money Rates table with columns for Instrument, Rate, and other details.

Stock Indices table with columns for Index, Jan. 29, and Jan. 30.

\$1 Billion In Aid for Africa Region Western Funds Pledged For Pretoria's Neighbors

ARUSHA, Tanzania — Western donors have pledged \$1 billion in new aid to black states in southern Africa seeking to reduce their economic dependence on South Africa, the black states have said. A communiqué issued on Friday at the end of the annual meeting of the Southern African Development Coordination Conference said the funds would be spent on a variety of projects over the next four years. "This year's conference has raised new hopes and prospects for a viable integration of the economies of the nine member countries," the conference's executive secretary, Simba Makoni, said at the end of four days of talks between member states and Western donors. Mr. Makoni did not give a breakdown of who would provide the new funds or which projects they would be used for. Italy, Canada, Scandinavian countries and the World Bank all announced new pledges during the conference. These ranged from a commitment by the Scandinavian countries to set up a \$32 million revolving fund to finance joint ventures in the conference's member states to World Bank endorsement of a \$130 million project to improve Malawi's northern trade route through Tanzania. Mr. Makoni said the conference had also approved a \$75 million plan to reopen the Benguela railway, linking the copper fields of Zambia and Zaire with the Angolan port of Lobito. However, he said no funds had been committed. Western officials attending the conference said they were unwilling to go ahead with the railway project now because of the civil war in Angola. The railway was closed to international traffic as a result of fighting between the Marxist government in Angola and the South African-backed UNITA guerrillas shortly after Angola's independence from Portugal in 1975. The line has been attacked frequently by UNITA, the National Union for the Total Independence of Angola, and now operates only along short stretches. SADC was formed in 1980 to coordinate efforts to reduce the economic dependence of Zambia, Zimbabwe, Angola, Mozambique, Malawi, Botswana, Swaziland, Lesotho and Tanzania on South Africa.



Michel Camdessus, head of the IMF, was garlanded with flowers and greeted by Indonesia's central bank governor, Arifin M. Siregar, in Jakarta last week.

An Alternative to Austerity IMF Tries More Human Approach to Debt

By Clyde Farnsworth New York Times Service WASHINGTON — The International Monetary Fund, long criticized for insensitivity to the consequences of its demands for austerity in debtor countries, is now trying to be a lender with a human face. The 151-government agency wants to design leading conditions that are less harsh and create programs to cushion borrowers against adverse turns in the global economic climate, according to its managing director and other IMF officials. "Can we do more and do better?" asked Michel Camdessus, a former governor of the Bank of France, in office as the IMF's chief for just a year. "It is a question that is very much in the forefront of our concerns at the present time." The expressions of flexibility are sounded against a chorus of complaints — from countries as diverse as the Dominican Republic, Sudan and Brazil — that the agency is too authoritarian. Its role, pursued since its founding in 1945, is to provide assistance to countries that cannot pay their bills, provided the governments take steps, often politically painful, to restructure their economies. In 1984 in the Dominican Republic, more than 50 people were killed in rioting after price increases were decreed in compliance with an IMF program. In 1985 in Sudan, President Gaafar Nimeiri's government was ousted by a military coup after the IMF shut off loans because the Sudan was "out of compliance." So tarnished is the IMF's image in Brazil that for the past four years the government of the largest Third World debtor has refused to have practically anything to do with the agency. The initiatives also come against rising concern over what many see as a worsening of the six-year debt crisis — and the acknowledged need for official institutions — such as the IMF and the World Bank — to make larger contributions to economic stability. Mr. Camdessus himself speaks of "a growing sense of adjustment fatigue." The proposals are expected to be discussed within the agency's executive board and at both an interim meeting of the membership in April and an annual meeting in West Berlin next September. Early reaction has been positive. Some of the ideas are in line with suggestions made by James A. Baker 3d, the U.S. Treasury secretary, and other leading IMF officials. See IMF, Page 9

U.S. Critical Of Japan on Chip Pact

By Stuart Auerbach Washington Post Service WASHINGTON — U.S. trade officials say they believe that Japan is conducting a disinformation campaign to provide a rationale for the failure of Japanese companies to honor a trade agreement to increase their purchases of American-made semiconductors. In late December, Japanese newspapers reported that the country's National Space Development Agency was postponing a launch because of defective U.S.-made semiconductors in the rocket. That story has mushroomed over the past month into a broad Japanese attack on the quality of U.S.-made semiconductors, causing Reagan administration trade officials to raise the issue in meetings with their Japanese counterparts. Japanese officials here and in Tokyo have denied waging a campaign to attack U.S. quality, and last week the space agency backed off from implications that the launch postponement was attributable to a defect in a U.S.-made semiconductor. "Quality is no longer an issue, but it certainly serves as a pretext for not making purchases," said Alan Wolf, Washington counsel for the Semiconductor Industry Association. Figures show that Japan is still not complying with provisions of a semiconductor trade agreement signed in September 1986, calling for Japan to increase its purchases of U.S. semiconductors and avoid dumping, or selling chips overseas at below cost. Recent Japanese statistics showed that the market share of foreign-made semiconductors has decreased every month since June. Mr. Wolf said U.S. sales now amount to 10 percent of the Japanese market, instead of the 12 percent envisaged in the agreement. Because Japan has not fulfilled the chip agreement, President Ronald Reagan has retained \$164 million of the \$300 million in trade sanctions he slapped on Japan last April. Mr. Wolf indicated that the industry might ask the president to increase those sanctions. Japan's booming electronics and automotive industries use half of all the semiconductors produced in the world, and U.S. manufacturers have complained that being shut out of that market limits their ability to be internationally competitive in a wide range of products. However, some analysts in Tokyo said that U.S. manufacturers are not producing the right sorts of chips to meet the needs of Japanese industry, Reuters reported. "The U.S. is well aware of the products in which Japan leads the world — consumer electronics," said Rick May, industry analyst with Barclays de Zoete Wood Securities (Japan) Ltd. But, he said, few U.S. companies are "working on special products to fill that need."

Fed Seen Easing Credit to Lower Rates

By Paul Blustein Washington Post Service WASHINGTON — The Federal Reserve Board, responding to signs that the U.S. economy is about to enter a period of very weak growth, will probably act soon to loosen credit slightly so that interest rates continue to fall, according to sources close to the Fed. Interest rates have been dropping since the middle of last week, and a credit-easing move by the Fed should help keep borrowing costs down and sustain the economic expansion by making it easier for consumers and businesses to finance purchases of homes, appliances, equipment and other goods. Lower interest rates also would be a welcome development for the Reagan administration, which has grown increasingly anxious about the election-year economy. But the Fed's action is unlikely to keep the economy from softening significantly in months ahead. The disclosure about the Fed's intentions comes after a government report Wednesday raised fears that the United States will dip dangerously close to recession in early 1988. The Commerce Department said that U.S. gross national product had expanded at a brisk 4.2 percent pace in the fourth quarter of 1987. Although seemingly good news, the report showed that the growth was attributable mainly to a huge build-up in inventories, while consumer spending fell. That could push businesses to cut production and payrolls and some economists said the development increased the odds of a recession this year. The Fed wants "to make sure this is a slowdown and not a deterioration" in the expansion, a government official said. As a result, the Fed is "more poised toward easing than before," the official said, although any move to bring down interest rates will be limited because the central bank believes recession worries are overblown. The Fed influences interest rates by controlling the supply of money to the banking system, but the level of most rates is determined by other factors as well, including banks' and investors' expectations about inflation and the demand for loans. Mortgage rates, for example, already have been moving down to about 10 percent in recent days. On Friday the Veterans Administration, citing market conditions, reduced to 9.5 percent the maximum interest rate on home loans it will insure. Administration officials have been prodding the Fed to ease for some time. They have refrained from publicly criticizing the central bank, however, for fear of appearing to pressure the new Fed chairman, Alan Greenspan, near an election. One of the most ardent advocates of an easier monetary policy

Any move by the Fed to bring down interest rates will be limited because it believes recession worries are overblown, one government official said.

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World Recession Can Be Averted, Officials Say

By Reginald Dale International Herald Tribune DAVOS, Switzerland — A world recession can be averted, provided that existing forms of international cooperation are strengthened and improved, a group of 50 high-level government and international officials concluded Sunday after three days of private talks here. "We can avoid it," said Kurt Furgler, a former president of Switzerland, who chaired the informal gathering in this ski resort. "But everybody needs everybody." The participants, who were attending the World Economic Forum, a major business conference, all recognize the need for closer policy coordination and surveillance. But they rejected the need for new international institutions or radical changes in the international monetary system. Mr. Furgler said at a news conference. The talks were attended by leading representatives of the United States, Japan, the European Community and international bodies such as the Organization for Economic Cooperation and Development and the International Monetary Fund. The group's qualified optimism was echoed by David C. Mulford, assistant U.S. Treasury secretary for international affairs, who said that U.S. growth would slow this year "but not to the point where we face recession." Mr. Mulford vigorously rejected criticism that cooperation among industrial nations — the United States, Japan, West Germany, Britain, France, Italy and Canada — had been ineffectual in the period after October's world stock collapse. The weeks between "Black Monday," Oct. 19, and the end of the year were "among the most productive weeks on record for policy coordination," he told the conference on Saturday. Even though there had been no formal G-7 meeting, there had been effective daily coordination on how to confront the crisis, he said. He contended that these private consultations had achieved more than could have been accomplished at a single meeting and more than had been achieved in negotiations among the seven governments in the previous two years. Mr. Mulford's remarks suggest that the G-7 governments had decided to adopt a lower profile in policy coordination and avoid emergency meetings, held in the full glare of world attention. Mr. Mulford's confidence in the working of the G-7 was shared by Toyoo Gyohten, Japan's vice minister of finance, for international affairs. He told the more than 1,000 delegates that despite skepticism in some quarters the G-7's record was "not so poor." The group has made "a very significant contribution to the progress of policy coordination," he said. The G-7 countries are "on the right track," although they still need to make their policies "more efficient and action-oriented," he added. Mr. Mulford warned, however, that G-7 consultations involved "a delicate process of confidence-building" that could not be rushed. "There is no substitute for patience, time and continuing ingenuity," he said. A similar point was made by Helmut Schlesinger, vice president of the Bundesbank, the West German central bank, who said that international policy coordination often "takes more time than politicians and market participants like or assume." Their remarks reflected concern among government officials and business leaders attending the conference that the process of correcting the world's economic imbalances, while on the right track, is proceeding too slowly.

Purchasers Say U.S. Economy Slowed in Month

The Associated Press NEW YORK — The U.S. economy slowed in January from December, but a surge in business orders could indicate sustained growth in the first quarter, the nation's purchasing managers said Sunday in their monthly survey. The survey, released by the National Association of Purchasing Management, indicated the trade group's composite index declined to 57.4 percent in January from 57.6 percent in December. A reading above 50 percent indicates the economy is expanding. New orders grew for 35 percent of those companies reporting, the 13th consecutive month of growth in the category and a possible reflection of an improving performance in exports, the group stated. "The growth in new orders was the largest in three months and suggests a respectable if not vigorous economy in the first quarter," said Robert J. Bretz, head of the association's business survey committee. Expanded production was reported by 29 percent, compared with 8 percent who reported production declines. Purchasing managers say they expect the economy to continue to grow slowly. Fed officials saw little evidence that the expansion was at risk, and wanted to minimize the chances of a renewed slide in the dollar. The dollar tends to weaken when U.S. interest rates fall relative to rates in other countries. But in recent days, interest rates have declined in Japan and Europe, giving the Fed more room to ease. And Fed officials became more convinced that lower rates in the United States might help after Wednesday's report on inventories. Still, the Fed will not react to the new figures by trying to drive interest rates down sharply, sources said. The central bank probably will ease gently, they said, because policymakers see a low probability that the economic slowdown will turn into something worse. Fed officials say they believe that an aggressive loosening of credit would bring unacceptable risks of inflation and a fall in the dollar. In anticipation of an easier Fed policy, interest rates began to slide on Wednesday after the Commerce Department announcement. Yields on 30-year Treasury bonds fell to the 8 1/2 percent range as bond prices, which move inversely to interest rates, surged. The Treasury's long-term bonds had yielded 9 1/2 percent two weeks earlier. On Friday, yields dipped again. The yield on the 30-year Treasury issue fell to 8.42 percent, its lowest level since July 7.

Output Cut Aids Oil Prices

BAHRAIN — Big production cuts by Gulf oil states, coupled with resistance to widening discounts, prevented a crash of oil prices in January, according to oil industry sources. But they said the danger of a collapse had not yet vanished because consumers have built up huge inventories of crude oil. "OPEC must pump less in the coming months to keep prices from falling even further," an oil trader said. The Gulf states cut output by about 1.7 million barrels a day in January, from 12.2 million in December. Most are selling oil at lower than official prices set by the Organization of Petroleum Exporting Countries because buyers refuse to pay more. But Abu Dhabi and Saudi Arabia are resisting further price cuts. Industry sources said the four U.S. oil companies, Mobil, Exxon, Chevron and Texaco, that operate Saudi oil fields under the name Aramco were paying market prices for their purchase of 1.3 million barrels a day. But Saudi Arabia rejected requests by Japanese and European buyers for discounts, and its output declined to around 4 million barrels a day in January, compared with its 4.34 million OPEC quota. Despite a hard line on further discounting, Dubai oil for March delivery, the Middle East benchmark, was trading at \$15.40 a barrel on Friday, \$2 below its official price.

LVMH MOÛT HENNESSY . LOUIS VUITTON

18% RISE IN 1987 CONSOLIDATED SALES LVMH Moët Hennessy Louis Vuitton announced 1987 preliminary consolidated net sales of FF 13,170 million, an increase of 17.8% over pro forma 1986 net sales. Net Income for 1987 should be in line with earlier company forecasts. By sector of activity, 1987 net sales broke down as follows:

Table showing sales by sector in Million FF for 1987 and % change from 87/86.

At its January 22 meeting, the company's Board of Directors approved a FF 9.00 interim dividend (net of FF 4.50 "avoir fiscal" tax credit) payable on February 1, 1988. Taking into account the September 1987 six-for-five stock split, this interim dividend represents a 20% increase over the prior year's interim distribution. The Board also confirmed that it has established a US\$ 400 million multiple option facility (MOF), providing LVMH with a five-year commitment for short-term lines of credit. Finally, the company announced that, on January 22, 1988 trading in LVMH's shares was transferred to the Paris Bourse's continuous session exchange (marché continu).

Indigo Ideas and Selected U.S.A./D.T. Quotations sections.

8: Naval Race London — The United States won four capital ships of 40,000 tons and Great Britain two and forces of 35,000-ton limit. The London Naval Treaty of 1922 limited the size of capital ships to 35,000 tons and limited the number of ships to two per nation. The treaty was signed in London on February 22, 1922. The treaty was a landmark in naval disarmament and was the first of a series of treaties that sought to limit the arms race between major powers. The treaty was signed by the United States, Great Britain, France, Italy, and Japan. The treaty was a result of the Washington Naval Conference, which was held in Washington, D.C. from December 1921 to February 1922. The conference was convened by the United States and was attended by representatives from the United States, Great Britain, France, Italy, and Japan. The conference was a landmark in international relations and was the first of a series of conferences that sought to limit the arms race between major powers. The treaty was a result of the Washington Naval Conference, which was held in Washington, D.C. from December 1921 to February 1922. The conference was convened by the United States and was attended by representatives from the United States, Great Britain, France, Italy, and Japan. The conference was a landmark in international relations and was the first of a series of conferences that sought to limit the arms race between major powers.



Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30. Prices may vary according to market conditions and other factors.

Jan 28

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various bond types like Australia, Canada, and Euro.

United Kingdom

Table of United Kingdom bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various UK government and corporate bonds.

United States

Table of United States bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various US government and corporate bonds.

Western Europe (Other)

Table of Western Europe (Other) bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various European bonds.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various zero-coupon bonds.

Supranational

Table of Supranational bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various international bonds.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various German bonds.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various zero-coupon German bonds.

ECU Straights

Table of ECU Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various ECU-denominated bonds.

Mutual Funds

Table of Mutual Funds, listing various fund names, their performance metrics, and other relevant data.

Euromarts At a Glance

Table of Euromarts At a Glance, providing a quick overview of various European market instruments.

Eurobond Yields

Table of Eurobond Yields, showing yields for various Eurobond issues across different maturities.

Weekly Sales

Table of Weekly Sales, detailing sales figures for various market segments and instruments.

Libor Rates

Table of Libor Rates, showing current and historical rates for various currencies and maturities.

NYSE Most Actives

Table of NYSE Most Actives, listing the most actively traded stocks on the New York Stock Exchange.

AMEX Most Actives

Table of AMEX Most Actives, listing the most actively traded stocks on the American Stock Exchange.

NYSE Sales

Table of NYSE Sales, showing sales volumes for various market segments.

AMEX Sales

Table of AMEX Sales, showing sales volumes for various market segments.

WestLB logo and branding, including the text 'WestLB' and 'Fixed Income and Equities Trading'.

WestLB advertisement text: 'Fixed Income and Equities Trading - for dealing prices call:'. Includes contact information for Düsseldorf, London, Luxembourg, and Hong Kong.



New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for FIXED-COUPON and EQUITY-LINKED bonds.

BUSINESS ROUNDUP

GE Appears to Lead In Contest for Retailer

New York Times Service NEW YORK — General Electric Co. has emerged as the leading candidate to buy Montgomery Ward or head a leveraged buyout of the revitalized, 315-store chain, according to investment bankers.

The bankers said Friday that Mobil Corp., which has owned Montgomery Ward since 1976, is seeking at least \$1.5 billion for the retailing unit. That price, which is the unit's book value, is listed in copies of a confidential memo on Ward that Salomon Brothers, the investment banker representing Mobil, has distributed to about eight possible buyers.

GE, a large supplier of appliances sold by Ward, could conceivably acquire the retailer for itself, taking 55 percent to 70 percent of the equity, bankers close to the talks said.

Another possibility involving Ward, investment bankers said, is for GE's financing subsidiary, General Electric Capital Corp., to participate in a leveraged buyout, investing as little as \$300 million for a stake in Ward's equity and

bringing in a banking group to provide the bulk of the financing.

In either case, Ward would probably be headed by Bernard F. Brennan, its chairman and chief executive, who has been given much of the credit for the turnaround at Ward. Mr. Brennan is a longtime friend of John F. Welch Jr., GE's chairman and chief executive.

People close to the talks said the negotiations had been strained by a misunderstanding that developed because Mr. Brennan apparently believed that Allen E. Murray, Mobil's chairman, had committed himself to giving Mr. Brennan's bid priority over other offers.

Congressional Study Assails Debt Levels Incurred in Leveraged Buyouts

By Nathaniel C. Nash

New York Times Service WASHINGTON — Increased borrowing of large sums by managers of publicly owned companies who want to make the companies private has contributed to excessive levels of corporate debt, according to a study by the Congressional Research Service.

The study, which was released Saturday, said that such leveraged buyouts could be depriving shareholders of significant profits.

The study noted that the number of public companies and their subsidiaries that are taken private each year by managers had more than tripled since 1981. It said that, as a result of such buyouts, companies had either sold or closed large parts of their operations to pay the debt, creating layoffs and reductions in research and development.

"Rapid growth in leveraged buyouts is of concern particularly when, in the process of going private, corporate managers — sup-

posedly the trustees of the shareholders' assets — use those assets to enrich themselves," said Representative John D. Dingell, a Michigan Democrat who chairs the House Energy and Commerce Committee.

Mr. Dingell said he feared that the debt incurred to achieve leveraged buyouts posed a danger to the long-term health of companies and that the practice might be diverting funds away from the stock and bond markets.

The results of the study are likely to become part of a debate in Congress over the response to the plunge in the stock market last October, an aide to Mr. Dingell said.

The study found that the number of leveraged buyout transactions rose to 308 in 1986, from 99 five years earlier. More important, they accounted for a growing part of total merger activity, rising from only 4.6 percent of all transactions in 1981 to 21.5 percent by 1986, when their total value was greater than

Italy Steelmaker Cuts Capital To Cover Losses

Agence France-Press

ROME — Finsider SpA, Italy's state-run steelmaker, has decided to cut its share capital to 2.59 trillion lire (\$2.1 billion) from 4.39 trillion lire to cover cumulative losses.

A special stockholders' meeting was informed Friday that in 1986 and for the first nine months of last year, losses totaled 1.8 trillion lire. Finsider belongs to IRI, the government industrial holding company.

Finsider's chairman, Mario Lupo, and its general manager, Giovanni Gambardella, said that the company's "economic condition does not indicate any trend reversal for the short run" and that a thorough restructuring was required.

There have been reports that the restructuring involves subsidies of 6 trillion lire and the abolition of 25,000 jobs. The subsidies would probably meet opposition from the executive Commission of the European Community.

BA Says A-320s It Bought From Airbus Waste Fuel

Reuters

LONDON — The chairman of British Airways PLC said Sunday that the airline would demand compensation from Airbus Industrie for the first A-320 jets it delivered to BA. He cited excessive fuel consumption.

Lord King, the chairman, said test performances of 10 jets, to be delivered within a month, showed that the A-320s used about 9 percent more fuel than expected because of an overweight airframe and inefficient engine performance.

"We will of course look to Airbus for compensation initially and for performance improvements as soon as they can be produced," he said in a letter in the Sunday Telegraph.

Lord King said the problems could reduce revenue on long flights because we would not be able to carry a full payload.

The newspaper said talks were under way between the two companies on the aircraft, which would be the first from Airbus to join BA's fleet of mainly U.S.-built jets. The Airbus consortium comprises British, French, West German and Spain.

BA inherited the \$340 million Airbus order when it took control

of British Caledonian Group PLC. Several U.S. airlines have also bought the A-320.

Airbus Industrie, whose main competitors in commercial aircraft construction are Boeing Co. and McDonnell Douglas Corp., is locked in a dispute with the U.S. government over subsidies from European governments to the consortium.

The U.S. government contends that the subsidies allow Airbus to sell its planes at unfairly low prices.

NTT Unit to Sell Semiconductors

Reuters

TOKYO — A 50 percent-owned subsidiary of Nippon Telegraph & Telephone Co. will begin marketing semiconductors this spring.

A spokesman said Friday that NTT Electronic Technology Co. would sell one large-scale integrated circuit, codenamed FEAL 8 and developed by Nippon Telegraph & Telephone. He declined to say whether the company would sell other types of large-scale integrated circuits developed by NTT.

Previously, NTT Electronic Technology supplied its semiconductors exclusively to NTT Corp.

Fund Asks Developing Nations' Aid

By Roberto Suro

New York Times Service ROME — The International Fund for Agricultural Development, known as the "peasants' banker" for its innovative loans to the rural poor, has sought help from the most successful developing nations because oil-producing countries, traditional supporters of the agency, are facing an economic squeeze.

The role reversal, with some former aid recipients becoming contributors, will be an important factor in a money-raising drive by the fund, the only United Nations agency that relies solely on voluntary contributions rather than assessments. The strategy was approved by the agency's 42-nation governing council at a meeting that ended here Friday.

The council's president, Idris Jazairy of Algeria, outlined a strategy for negotiations later this year to replenish funds that in the past have come almost entirely from Western industrialized nations and wealthy oil-producing states.

"First and foremost," he said, member nations have agreed on a "general commitment to preserve IFAD as a unique expression of North-South partnership."

Mr. Jazairy said later in an interview that the United States had indicated that it would accept the idea of drawing funds from such nations as South Korea, Turkey and Mexico to make up for an expected reduction in contributions from Arab oil states. The fund was threatened with bankruptcy in 1985 because of a conflict between its Western and Arab donors over the size of their contributions, and its budget was reduced substantially.

The agricultural fund is the only UN agency that relies solely on voluntary contributions.

It was founded a decade ago in response to global food shortages, with the primary goal of helping poor farmers who are not often reached by normal aid programs. Since its founding, Mr. Jazairy

said, the fund has contributed \$2.3 billion to about 220 projects. The fund's initial emphasis was on Asia, but its focus has now shifted to drought-stricken Africa.

The fund offers long-term loans at favorable terms and has increasingly concentrated on small-scale, low-cost projects that can then serve as models for governments and other international organizations, Mr. Jazairy said.

Despite the previous wrangling among donors, Richard E. Bissell, the chief U.S. delegate at the meeting, said that "our objective is to see that IFAD gets a critical mass of funding so that it can continue to exist with its own special identity as an institution and so that it can continue to reach its special constituency."

As other UN agencies have come under fire for bloated administrative structures, the fund has been widely praised for its tight management practices. The Reagan administration has continued to support it while withholding contributions to other UN agencies considered less effective.

U.S. Consumer Rates

Jan. 29

12-month Treasury bill 7.51%
3-month Treasury bill 6.50%
Money market funds 6.50%
Domestic 7-day average 6.50%

Bank money market accounts 5.82%
Best Buy Money Market Index 5.82%
Home Savings FHLB average 11.87%

Source: New York Times.

Treasury Bonds

Jan. 29

Maturity Close Ask Yield
31.7289 100 102 7.20 7.43
151.170 101 102 7.43 7.63
31.111 101 102 7.63 7.87
150.993 101 102 7.87 8.07
151.195 102 103 8.07 8.27
151.177 104 105 8.27 8.47
152.08 106 107 8.47 8.71
153.17 108 109 8.71 8.96

Source: Salomon Inc.

Zambia Gets Help on World Bank Arrears

Compiled by Our Staff From Dispatches

LUSAKA, Zambia — Five Western countries have agreed in principle to pay off most of Zambia's arrears to the World Bank, opening the way for the bank to release up to \$20 million in new aid.

Norway, Sweden and Finland will contribute a total of \$45 million toward the arrears of \$80 million, and Japan and the United States will add about \$15 million between them, diplomats said Friday. Zambia will borrow \$20 million from commercial banks.

In return, Zambia will have to change the economic policy it adopted after breaking with the International Monetary Fund last May. It will raise its exchange rate policies and the strict controls it imposed on prices and interest rates, returning more to the IMF's austerity policies.

President Kenneth Kaunda in May announced the abolition of Zambia's foreign exchange auction and the establishment of a fixed rate of 8 kwacha to the dollar, compared with the previous rate of 21 kwacha. He fixed interest rates at 15 percent.

The World Bank suspended credits to Zambia last year because the country was behind in its repayments. The bank, the diplomats said, is seeking a government commitment to reducing money supply and its budget deficit.

On Friday, Finance Minister Gibson Chigumba estimated the 1988 deficit at 2.8 billion kwacha, up 27 percent from 2.2 billion kwacha last year. (Reuters, AFP)

U.S. Message Speeds Talks Between Brazil, Creditors

Reuters

NEW YORK — Talks between Brazil, the Third World's largest debtor, and its creditor banks have quickened pace, but an agreement remains elusive, bankers say.

They said the U.S. Treasury has told Brazil that it stepped in last November to speed interim financing with banks on the understanding that Brazil would become current on interest owed commercial banks from Jan. 1. That has not happened, obstructing progress toward agreement on medium-term financing, the bankers said.

Since the Treasury's message, the tone of negotiations has improved, bankers said, but disagreements persist over several ingredients of the medium-term deal.

The country owes banks, foreign creditors and international agencies \$113 billion, of which about \$25 billion is owed to U.S. banks. A Brazil finance official said last week that Brazil was ready to pay \$240 million toward January interest.

Under the \$4.5 billion interim agreement, Brazil and banks had targeted Jan. 15 for agreement on medium-term money and a restructuring package. Jan. 30 was the next goal.

IMF: A New Approach to Debtor Nations' Problems

(Continued from first finance page) stockholders at the annual meeting last September in Washington.

"It is the first time that the managing director of the fund is showing sensitivity to problems of the developing countries," said Arjun K. Sengupta, India's executive director at the IMF.

A senior Argentine official said the ideas were welcome but questioned whether the changes "are going to be enough or in time." Argentina, whose reserves have been sorely depleted, faces tough negotiations with the IMF on its need for at least \$2 billion to meet cash needs this year.

A U.S. Treasury official said the Camdessus proposals "should enhance the attractiveness of the fund and make the programs more growth-oriented."

Mr. Camdessus and other officials disclosed that the IMF wants to make its monitoring of debtor countries less onerous.

For example, it would reduce the frequency of its national economic assessments from every three months to every six months, and in making these assessments concentrate on fewer performance indicators.

"It is sometimes a question of overregulation," explained one monetary official. "There can be too many constraints on authorities to adjust. If only one indicator is out of compliance, the country can't draw any more money, and the whole program is disrupted." The monitoring process now involves setting up quarterly targets

in such areas as the public sector deficit, credit expansion, international reserves, external borrowing and other variables. If actual performance is out of line with the targets, the IMF stops payment.

Another key proposal is to create a "contingency financing mechanism" to provide assurances to borrowers undertaking difficult policy reforms that money will be available in case of external shocks, such as collapsing commodity prices, sharply higher interest rates or an earthquake.

"Advances commitment by the fund of contingent resources in specified amounts could strengthen the adjustment process," Mr. Camdessus said in a speech last week in Singapore, where he presented some of his ideas.

American and international officials cite the IMF's agreement last year with Mexico as an example of the way the contingency financing mechanism might work.

To qualify for \$6 billion of IMF credits, Mexico agreed to restrict government spending for subsidies on such things as food and service and to continue selling to private investors some of its 700 state-owned enterprises.

But the loans were linked to the price of oil. Mexico would qualify for more credit if prices fell.

Since the 1960s the IMF has offered a compensatory financing facility that has enabled borrowers to borrow somewhat more money if faced with lower commodity prices. The new mechanism broadens the concept.

Mr. Camdessus would incorporate it in longer range, growth-oriented programs that he hopes to promote under an "extended fund facility," with loan terms of up to 10 years.

Although Mr. Camdessus is in tune with the United States on most of the contemplated reforms, there is one major point of difference. He believes that the IMF will need new money from its stockholders to meet its goal of a more active, longer-range lending program. Reagan administration officials say this is not the case.

The IMF, which operates as a revolving fund of its members' currencies, lists its "usable" resources at \$30 billion to \$35 billion. Resources are now swollen by a high rate of repayments from loans made in the early 1980s.

The Reagan administration, which is expected to ask a reluctant Congress for new capital for the World Bank this year, is anxious not to get involved in IMF financing as well.

Mr. Camdessus believes the changes can be accomplished without compromising the agency's "prudence" as a monetary institution. Many analysts agree.

"This is a change of emphasis that is entirely appropriate," said John Williamson, a former British adviser to the IMF and now a senior fellow at the Institute for International Economics. "Some of the austerity was just counterproductive. It discouraged investment."

AVIS AUX PARTICIPANTS DE OBLI-GULDEN

CONVOCATON A L'ASSEMBLEE GENERALE EXTRAORDINAIRE

Les participants de OBLI-Guldén sont priés d'assister à l'Assemblée Générale Extraordinaire qui se réunira le mardi 23 février 1988 à 15 heures afin de débiter, dans le cadre de l'article 36.2 de la loi Luxembourgeoise sur les organismes de placement collectif, sur l'ordre du jour suivant:

- 1) Transformation du Fonds Commun de Placement OBLI-Guldén par constitution d'une Société d'Investissement à capital variable tel que ce régime est fixé par le chapitre II de la loi du 25 août 1983 relative aux organismes de placement collectif, par apport de tous les actifs et toutes les obligations du Fonds Commun de Placement OBLI-Guldén à la Société d'Investissement à Capital variable qui prendra la dénomination "OBLI-Guldén".

2) Adoption des statuts de la Société d'Investissement à capital variable "OBLI-Guldén".

3) Emission des actions de la Société d'Investissement à capital variable OBLI-Guldén à raison d'une action A qui distribue les dividendes ou B qui capitalise les dividendes de la Sicav, au choix de l'actionnaire pour chaque part du Fonds Commun de Placement OBLI-Guldén N et fixation des modalités d'échange des certificats.

4) Désignation des membres du Conseil d'Administration du Commissaire aux Comptes et Expert Indépendant.

Des convocations et des formulaires de procuration ont été envoyés à tous les actionnaires nominatifs inscrits au 25 janvier 1988.

Pour le Conseil d'Administration J. Pierson Directeur Général

AVIS AUX PARTICIPANTS DE OBLI-DOLLAR

CONVOCATON A L'ASSEMBLEE GENERALE EXTRAORDINAIRE

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3) Emission des actions de la Société d'Investissement à capital variable OBLI-Dollar à raison d'une action A qui distribue les dividendes ou B qui capitalise les dividendes de la Sicav, au choix de l'actionnaire pour chaque part du Fonds Commun de Placement OBLI-Dollar, et fixation des modalités d'échange des certificats.

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VIRUS: Contagion Among the World's Computers

(Continued from Page 1) computer security division of the American Defense Preparedness Association.

"The solution is to put a wall with a good solid gate around the jungle; most computers still have the equivalent of a sleepy guard at the door," he said.

One of the early warnings about the threat of computer viruses was raised in a paper given by Mr. Cohen at a computer conference in Toronto in September 1984.

Only in the past nine months, however, have actual reports surfaced concerning virus infections, including those striking personal computer programs used by International Business Machines Corp. on the East Coast and others used by Hewlett-Packard Co., Apple Computer Inc. and several small companies in the San Francisco area.

College administrators report widespread infection among personal computers used by students and faculty at the University of Delaware and Lehigh University in Pennsylvania. Other reports of infections have come from the University of Pittsburgh, the University of Maryland and Georgetown University. Personal computer user groups have also reported infections in Florida, Colorado, New Jersey and New York.

"It's apparently going to be the game this year: to see who can come up with the best virus," said Dennis Steinman, a senior security specialist at the National Bureau of Standards, which promotes computer security in nonmilitary federal agencies and the private sector.

He said however that the bureau planned no immediate recommendations on the virus threat. "With limited resources," he said, "we like to put our priorities in areas where we can see a solution."

Other reports of viruses are also coming to light. Security experts at SRI International in Palo Alto, California, recently said they had learned of a mainframe computer in the San Francisco area being subverted by a virus. Computer & Security, the journal of the security group IFIPS, an international association for computer professionals, last winter reported "several" major incidents of virus attacks on big mainframe systems in western Europe.

One of the most troubling reports has come from Israel, where a virus code was spread widely over a two-month period last fall and was apparently intended as a weapon of

political protest. According to Yuval Rakavy, a student at Hebrew University who discovered, then dismantled the virus code, it contained a "time bomb" that on Friday, May 13, 1988, would have caused infected programs to erase all stored files.

May 13 will be the 40th anniversary of the last day Palestine existed as a political entity; Israel declared its independence on May 14, 1948.

Mr. Rakavy said there had been rumors that a virus was circulating in Israel before he was asked, on Dec. 30, to help a friend understand why his personal computer was not working properly. "When I got to see it," he said, "I knew

"It's going to be the game this year: to see who can come up with the best virus."

Dennis Steinman, security specialist

immediately what it was; I've known about viruses for several years."

While it awaited its May 13 trigger date, Mr. Rakavy said, the virus was already instructing the computer to slow to one-fifth its normal speed about 30 minutes after it was turned on and sometimes "put garbage on the screen."

The "code bomb" was discovered only because an error in the virus program caused it to mistake previously infected programs as uninfected. Then, in error, it would add another copy of itself to the program, said Shmuel Peleg, a professor of computer science at Hebrew University. "Supposedly unmodified programs were growing," flooding disk memories, he said.

"We had programs which had been infected 300, 400 times," Israeli officials suggested a "Friday the 13th" coincidence, but Mr. Rakavy said the virus was coded to ignore Nov. 13, 1987, also a Friday.

On a more theoretical level, viruses could provide weapons in corporate infighting and could affect production.

"The classic scenario is a vice president using a virus to taint the programs and tools the company president uses to plan and make projections, hoping to make him look bad and replace him," Mr. Cohen said. "The same potential exists among competing executives or competing companies."

"One company could infect the process controller a competitor uses to govern steel production, with the result that the steel would be of inferior grade. That sort of subtle sabotage could be very, very difficult to recognize."

Concern about the viruses has spread well beyond the computer industry. Officials at several affected colleges said they had been contacted by a representative of the National Security Agency, the Pentagon agency responsible for the security of classified government computer systems and electronic spying abroad, and asked for details about virus codes.

Since 1984, NSA and various military groups have sponsored unpublicized, and often classified, conferences about the risk of virus attacks at government computer installations.

Although most of the viruses that have surfaced so far appear to be malicious, more benign forms are apparently possible. Already, the idea of using a hidden virus code for constructive purposes seems to fascinate many programmers.

Mr. Cohen has suggested a virus, which would ask permission each time it acted, that would mathematically compress coding, permitting data to be stored in a smaller space. And at a personal computer software house outside of San Francisco, a research project developed a virus to count its generations and keep track of software duplication, said Philip McKinney, an executive at ThumbScan, an Oakbrook, Illinois, security firm.

"You could open it up at any time and see how many copies of a program had been made," he said.

"A couple of the programmers working on the project got fascinated with the whole idea, and soon they and a few of their friends at other companies were using them to play practical jokes on each other," Mr. McKinney said. "Some of them got loose and they're all over the place. They're generally not destructive, just irritating, messing up the screen and stuff like that."

"That's just part of the problem: They're just so enticing," said Eric Hansen, vice president at Digital Dispatch Inc. in Minneapolis. To counter the threat of viruses, the company developed Data Physician, which identifies and removes viruses on IBM PC and Unix systems. Since 1985 it has sold 500 copies, more than half to American military buyers.

Now, growing concern about viral infection means the product will stay on the market—and, he said, the company might even start advertising it.

BRITAIN: Government Proclaims an End to Country's Postimperial Decline

(Continued from Page 1)

competitors today, is doing remarkably well.

For many Britons, accustomed to more or less constant economic gloom for more than a generation, the dazzling new image evokes suspicion, if not disbelief. The assessments of private economists range from cautious to deeply cynical, and the opposition Labor Party, defeated in the last three elections, maintains that the government's claims are inflated by distortion and hype.

Putting the case for the opposition, John Smith, the Labor Party's spokesman on financial and economic affairs, argued that the government was bound to benefit from the "enormous windfall" of North Sea oil. He said that it had been largely squandered, and that the boom cannot last.

"The economic situation looks superficially successful, but it is not sustainable," he said in an interview.

The boom, according to Mr. Smith, was timed to coincide with last June's general election, which gave Mrs. Thatcher her third term in office, and was induced by an explosion of consumer credit that is now "pretty well out of control." Personal savings, he said, are at their lowest since 1959, and "we are clearly now heading for serious balance-of-payments difficulties."

Increased productivity merely means that fewer people are making the same number of things, and unemployment, even though down to 9.4 percent, is still far too high, he said.

While the Southeast of the country is prospering, "vast tracts of the North, the Northwest, Scotland and Wales are grossly underdeveloped," Mr. Smith said.

His comments echoed a commonplace, if oversimplified, view that the country is bitterly divided between flourishing Conservatives and destitute Labor supporters in the decaying industrial wastelands of the North.

Mr. Smith said the government should have used its North Sea oil revenues, totaling £60 billion (\$106 billion) since the Tories came to power in 1979, to achieve "a massive re-equipment of manufacturing industry" and provide Britain with public services that would be the envy of the world.

Instead, the technological fabric of British industry is now "dangerously weak" and there is a need for a leap forward in education, training, research and investment in new technology if expansion is to be maintained, he said.

Many of Mr. Smith's concerns are shared by analysts and econ-

omists who are by no means Labor supporters. Indeed, the complaints about low investment and poor education have been heard with monotonous regularity since well before World War I.

It is also frequently pointed out that many of the recent successes claimed by the government, such as higher business profits, fewer strikes and sharper entrepreneurial acumen, have been mirrored elsewhere in the West in recent years.

Brendan Brown, chief economist at London's County NatWest investment bank, contended that there is no "British miracle" along the lines of the West German "miracle" of 1948-55 or the Italian experience of the early 1960s.

Those periods of growth occurred in high savings economies with huge current account surpluses, he said, the very opposite of today's Britain. They were led by exports and industrial investment, he said.

What Britain experienced last year was a consumer boom fueled by the easy availability of credit and a burst of construction activity, he said.

"That is not the typical stuff of which economic miracles are made," Mr. Brown said. "There are very significant risks on the horizon of inflation and balance-of-payments deficits."

While acknowledging the progress of recent years, the Conservative-led Confederation of British Industry, the employers' federation, warned last month that Britain "stands at a crossroads."

The investment decisions that business takes over the next few years "will determine whether the momentum of Britain's economic recovery can be sustained or whether our relative decline will continue," the CBI said in a report.

Calling for much higher investment in research and development,

training and capital equipment, the CBI said that average productivity and profitability still lagged behind the country's main competitors. "Britain remains, relatively, a low pay, low productivity and low profit economy," it said.

The CBI published figures showing that British manufacturing investment per employee was only £1,950 in 1986, well behind West

States at nearly £400 and West Germany at £420.

Business, the CBI said, was prepared to do the job, provided it was given "a stable economic framework in which to plan for the future." It said that meant, among other things, internationally competitive interest and exchange rates and a reduced burden of taxes.

Mr. Lawson said that he has already improved industry's tax treatment, in his 1984 budget, and claimed that business is now "investing in a big way" as its profits increase.

"For many years we were falling behind our biggest competitors. Now we're catching up," he said. In recent weeks, he said, the dollar has picked up on foreign exchange markets, he has also heard fewer complaints from British industry about the exchange rate.

The government readily admits that much remains to be done. Lord Young of Graffham, secretary of state for trade and industry, said his aim for Britain is "a mid-Atlantic economy," halfway between the traditional collectivism and government intervention of continental Europe and the rugged individualism of the United States.

"We are probably 250 miles offshore, steaming towards the center, but we still have another 1,000 miles to go," he said in an interview. British goods and productivity levels "are still not as good as the best in the world, and we've got to compete with the best," he said.

Britain still has a long way to go, for instance, to catch up with German quality, design, output per worker, delivery dates and after-sales service, Lord Young said.

Many economists say they believe that catching up will be far harder than the government seems to think. There is no evidence of a surge of investment, nor of a fundamental transformation in labor re-

search and development,

Germany, the United States and France, and less than half the £3,900 achieved in Japan.

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Britain still has a long way to go, for instance, to catch up with German quality, design, output per worker, delivery dates and after-sales service, Lord Young said.

Many economists say they believe that catching up will be far harder than the government seems to think. There is no evidence of a surge of investment, nor of a fundamental transformation in labor re-

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SPORTS

SPORTS BRIEFS

VANTAGE POINT/Peter Alfano

Tennis Seeks to Loose U.S. Ties That Bind

NEW YORK — Super Bowl Sunday is an undeclared holiday in this country but, more interestingly, has become a growing phenomenon in parts of Europe and Asia as well. If there is a trade imbalance in sports, it appears to favor the Americans, as fascination with football, baseball and basketball continues to spread while soccer — on a professional level, anyway — has been unable to achieve a foothold in the United States.

The American impact in the sports world goes beyond the interest generated in the games we play. It can be felt off the field as well. For instance, the United States may be an also-ran in the competition for Winter Olympic medals, but its participation adds stature to the event and its biggest contribution is the lucrative fees that networks such as ABC and NBC pay to Olympic organizing committees for the rights to televise the Games.

There are signs that an attempt is being made to gradually diminish the political role the United States plays in tennis, perhaps even lessen the dependence on the dollar that underwrites the sport.

Johnson Breaks World 50-Yard Dash Mark

TORONTO (UPI) — Canada's Ben Johnson capped the North American portion of his indoor track season Friday night by breaking his world mark in the 50-yard (45.7-meter) dash at the Toronto Sun Indoor Games.

Jaguars 1-3 at Daytona, With Porsche 2d

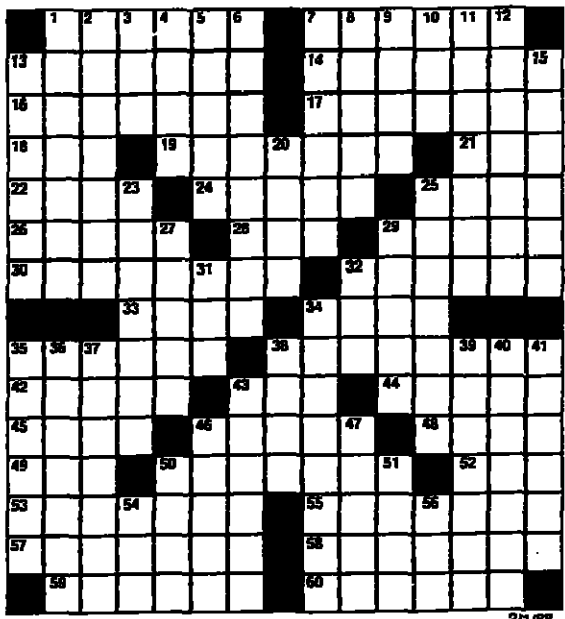
DAYTONA BEACH, Florida (AP) — Jaguar ended the 11-year domination of Porsche as Raul Boesel of Brazil, John Nielsen of Denmark and Martin Brundage of England won the Daytona 24-Hour race Sunday.

Love Regains Lead in Phoenix Open Golf

SCOTTSDALE, Arizona (AP) — David Love III shot an eight-birdie five-under-par 66 Saturday for a two-stroke lead after three rounds of golf's Phoenix Open.

For the Record

Kirk Gibson, 30, the free-agent baseball slugger who was the Detroit Tigers' star outfielder for eight years, and the Los Angeles Dodgers agreed Friday to a three-year contract.



- ACROSS
1 Tradesman
7 Wearing apparel
13 Earthy or earthy
14 Trysi
16 Selfish
17 Exalt
18 Periods of prosperity
19 Had a leading role
21 Prohibition
22 Actor Mux
24 Solar wear
25 Soda or rail
26 Homes for bees
28 Fr. holy woman
29 Kitchen appliance
30 Agreements between nations
32 Springsteen is
33 Tear
34 Pleat
35 Wilander's forte
38 Fall apart
42 Map from Mars

Solution to Friday's Puzzle

GENSUS ALLAS SEE
OLEINE DANA ULIN
NEEDLEPOINT NAB
CODELINE OLDIE
LETON PINSAND
STERN SPIN TEEB
JORDAN TICUS
TDS POINTED PRO
POTLU ROPPER
UNDO REPS ENVI
NEEDLES AITLAW
TASIS TRICEPS
TIR7 PINFEATHERS
EAR ETIOT CREDIT
STY ZIAWE TEISSES

DENNIS THE MENACE



MR. WILSON JUST GOT A VCR! I BETTER GO OVER AND SHOW HIM HOW TO USE IT!

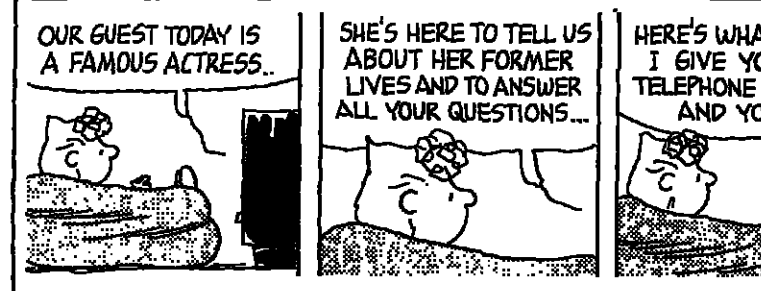
JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
SWOHE
LAVIE
SLABAM
CHELIN
ANSWER: WHAT

WEATHER

Table with weather forecasts for various regions including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

PEANUTS



BLONDIE



BEEBLE BAILEY



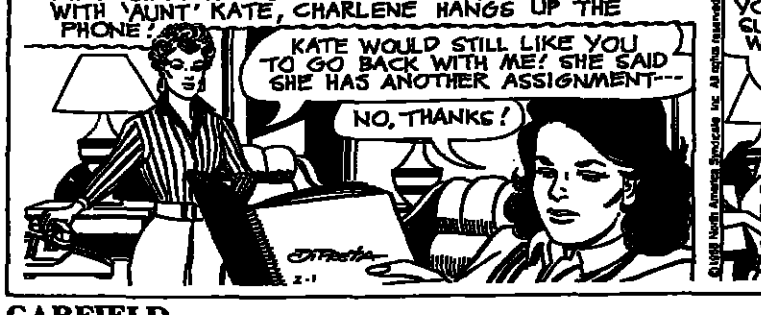
ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Amsterdam stock prices were steady last week in dull trading. The ANP-CBS general share index closed at 218.5, against 214.1 the previous Friday.

Paris

Prices on the Paris Bourse fell to their lowest since December 1985 last week, as private investors sold their holdings.

Frankfurt

The Commerzbank index dropped by 33.9 points last week to reach a 1988 low of 1,207.9 at Friday's close.

Hong Kong

The Hang Seng Index moved narrowly in dull trading on the Hong Kong stock market last week. The Hang Seng ended the week 12.72 points down at 2,409.66.

London

The London Stock Exchange fluctuated erratically in thin trading last week. Renewed concern over the economy overshadowed the market initially.

Tokyo

Share prices advanced on the Tokyo Stock Exchange for the second week in a row, hitting their highest point since the October stock market collapse.

Milan

The virtual paralysis of Italy's governing five-party coalition, caused by its inability to force the budget bill through Parliament, weighed on Milan stock trading last week.

for Fiat ordinary, which was firm after the announcement Friday of a 31 percent rise in profit.

However, Carlo de Benedetti's conglomerate bucked the trend, as it struggled to gain control of Societe Generale de Belgique.

Prices on the Paris Bourse fell to their lowest since December 1985 last week, as private investors sold their holdings.

The CAAC index finished the week at 2513, down 6.8 points from 2581 the previous Friday.

Analysts said that relatively good behavior of other bourses, dollar stability and a slight move toward lower French interest rates were unable to counteract the pessimism that has prevailed since the year began.

One analyst said that price/earnings ratios had fallen to "ridiculously low levels" on the order of 3 for such major stocks as Michelin and Peugeot, compared with 15 to 20 at the start of 1987.

The consensus is that no upward trend can be expected before the spring presidential election.

Singapore

Shares on the Singapore stock market drifted without direction last week. The Straits Times Industrial Index edged up 3.97 points to end the week at 908.90.

London

The announcement Thursday of worse-than-expected trade and current-account figures for Britain in December did not really affect the markets and shares moved ahead, stimulated by a batch of satisfying trading results and good takeover activity.

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Zurich

Zurich stocks posted a tiny gain last week in thin trading. The Credit Suisse index finished at 4130, up from 4110 the previous Friday.

Analysts said investors seemed to be waiting for a sign, in addition to the dollar's recovery, good behavior. However, renewed interest in the Swiss bond market on the part of foreign franc and hence some mistrust of the dollar's present level, they said.

Banks, financial companies and food stocks dipped slightly. Union Bank of Switzerland was off 45 to 2,935. Motor Columbus dropped to 1,190, and Nestle 50 to 7,950.

Insurances were higher, such as Compagnie de Reassurance, up 125 to 11,625. Intesa were irregular, with Sulzer rising 75 to 1,000 but Fischer dipping 30 to 630.

Vertical sidebar containing various sports-related text, including 'What a S...', 'KOREBOARD', 'Legal Basketball Ass...', 'FRIDAY'S RESULTS', 'SATURDAY'S SCORES', and 'SUNDAY'S SCORES'.



SPORTS

Indiana Beats No. 2 Purdue, 82-79, With 2 New Starters and Senior Star

The Associated Press
BLOOMINGTON, Indiana — As high school teammates, Jay Edwards and Lyndon Jones led their basketball team to three straight state titles. As college freshmen, they are leading the University of Indiana Hoosiers to victories. Edwards got 22 points and 5 assists Saturday while Jones had nine points and seven assists as Indiana upset second-ranked Purdue, 82-79. Indiana, which lost four of its first five Big Ten games this season, is 2-0 in conference since Edwards and Jones replaced Keith Smart and Rick Calloway in the starting lineup. "We and Lyndon know each other and where we're going to be at," Edwards said. "We're getting better at this system, we're getting used to it. The more we play together, the better we'll be." Senior center Dean Garrett scored a career-high 31 points, the last two coming on the winning basket with five seconds left, as Indiana ended Purdue's 16-game winning streak. The Hoosiers, recovering from a 21-point deficit on 18-for-21 shooting in the second half, took their largest lead, at 79-76, on Everett Stephens' three-point basket with 1:50 to play. Garrett, a 6-foot-10-inch (2.08-meter) senior, sank two free throws with 1:27 left to put Indiana within a point. Todd Mitchell, who led Purdue with 24 points, missed on a free throw with 15 seconds left, setting up Garrett's eight-foot jump shot with five seconds to go. A traveling call on Purdue's Tony Jones with two seconds remaining gave Indiana the ball and Lyndon Jones scored an uncontested lay-up at the buzzer. Indiana is now 11-6 overall, 3-4 in the Big Ten. Purdue fell to 17-2 and 6-1, dropping into a tie with No. 8 Michigan for the conference lead. Arizona 78, Illinois 70; In Tucson, Arizona, Tom Tolbert scored 20 points as the No. 1-ranked Wildcats improved to 20-1. The No. 13 Illinois trailed by only five points with 4:56 left, as Lowell Hamilton scored all of his 21 points in the second half, but Arizona surged to a 73-63 lead with 1:26 left. North Carolina 73, Georgia Tech 71; In Chapel Hill, North Carolina, Jeff Lebo scored the No. 3 Tar Heels' last 15 points on five three-point shots in an Atlantic Coast Conference game. The Yellow Jackets, by holding forefront star J.R. Reid to two baskets in the last half, had rallied to take a 64-58 lead with 4:22 left before Lebo went to work. Nevada-Las Vegas 92, Pacific 67; In Las Vegas, Clint Rossom scored 17 points and Karl James 16 for the No. 4 Rebels, helping keep Pacific Males in nine Pacific Coast Athletic Association games. BYU 95, Air Force 75; In Provo, Utah, Michael Smith scored 23 points and his four starting teammates all got at least 14 in the Western Athletic Conference contest as the No. 7 Cougars remained the only undefeated major U.S. college team, at 15-0. Oklahoma 96, Iowa State 91; In Ames, Iowa, Stacy King scored a career-high 36 points and grabbed 21 rebounds in the Big Eight game to lead the No. 19 Sooners to their second victory over the No. 12 Cyclones in four days. Pitt 73, Boston College 67; In Boston, Charles Smith got 25 points and No. 11 Pitt built a 17-point second-half lead in a Big East game. So. Carolina 97, S. Mississippi 78; In Columbia, South Carolina, Darryl Martin's 19 points and 13 rebounds in a Metro Conference game helped end the No. 20 Golden Eagles' nine-game winning streak. Vanderbilt 92, Florida 65; In Nashville, Tennessee, Will Perdue's 19 points and 15 rebounds helped stop No. 14 Florida. The Commodores, who previously beat top-10-ranked North Carolina and Kentucky, made all 23 of their free throws in the Southeastern Conference game. Georgetown 60, Connecticut 59; In Landover, Maryland, Charles Smith made a three-point shot in the last minute and Anthony Allen two free throws with 12 seconds left in the Big East contest as the No. 15 Hoyas beat Connecticut for the 13th straight time — but only because Tate George missed a jumper from the foul line with one second left. Iowa 76, Minnesota 51; In Iowa City, B.J. Armstrong scored 18 points, all on three-point shots, as the No. 16 Hawkeyes won in the Big Ten. Providence 82, No. 19 Villanova 76; In Providence, Rhode Island, Eric Murdoch's three-point shot with 1:21 left in overtime beat No. 19 Villanova in the Big East.

What a Swell Party — and a Game for a Nightcap

By William Gildea
Washington Post Service
SAN DIEGO — Finally, at 11:18 P.M. GMT Sunday, it would begin. For a solid week, the Washington Redskins and Denver Broncos had been scrutinized and analyzed by Washington fans, some wearing big scarves, and Denver boosters, many clad in cowboy hats and trimmed in orange, had perched big time. Invading hordes had swarmed to the San Diego Zoo, to Tijuana in Mexico, to Sea World. The National Football League commissioner, Pete Rozelle, had done his part, inviting 4,000 of his closest friends for an intimate gathering Friday night in an airplane hangar. It was time for Super Bowl XXII. Sunday would bring the kickoff of the long-awaited match-up between the National Conference champion Redskins and the American Conference champion Broncos. The Broncos were 3½-point favorites in a game that would transfer not only two cities but an entire nation and its expatriates overseas. Since Super Bowl III, when Joe Namath "guaranteed" that his 7½-point underdog New York Jets would upset the Baltimore Colts — and then delivered — this game has become fixed in U.S. culture as the ultimate day in sports, a Fourth of July in January. An estimated 120 million were expected to watch the Redskins and Broncos on television in the United States. Advertisers would pay ABC-TV as much as \$675,000 for a 30-second commercial. The NFL's income from TV and radio fees and ticket sales would be \$25.36 million. The field had been pampered, and everyone and everything was in readiness for pregame and halftime extravaganzas — 1,100 entertainers, white doves, mimes and camels and 30,000 balloons. About 300 marines had been called in to help 1,000 other security guards, agents and officers. The Rich and famous from Hollywood to Capitol Hill would join everyday fans

to fill all 73,500 seats in San Diego's Jack Murphy Stadium. Attention was focused primarily on the quarterbacks, Denver's John Elway, one of the best in the league, and Washington's Doug Williams, whose proven maturity had helped him weather an infamous week of questioning on his feelings about becoming the first black quarterback to play in a Super Bowl. Each would have a lot of help. The Broncos boasted excellent receivers, their high-flying "Three Amigos," Ricky Nattiel, Vance Johnson and Mark Jackson; a veteran defense, including end Rulon Jones and linebackers Karl Mecklenburg, Ricky Huxley and Jim Ryan; and kicker Rich Karlis, who would be trying to score for missing on two field goal tries in the first half of Denver's 39-20 defeat by the New York Giants in last year's Super Bowl. The Redskins, who appeared to be relaxed, would counter with their own outstanding receivers, including Gary Clark and Art Monk; a tough defense spearheaded by the hard-charging Dexter Manley and Charles Mann, and the deft cornerback work of swift Darrell Green. The victor would get a trophy named for the late Green Bay Packers and Redskins coach, Vince Lombardi, who said, "Winning isn't everything, it's the only thing." Like a migration, victory-hungry fans had come to San Diego by planes, buses, trains, vans, campers and limos, well-loaded station wagons and overloaded sedans. Fireworks lit the city Friday night, and hotel lobbies became impassable. All week, the faithful had made pilgrimages to the game site, on Thursday alone, 15,475 went to the stadium to get a gaze upon it, as if it were the Colosseum in Rome. Super Bowls weren't always this way. For the first one, Jan. 15, 1967, only two-thirds of the Los Angeles Coliseum was filled to see the Packers thrust Kansas City. But Namath's boast and the Jets' stunning upset two years later in Miami gave the Super Bowl credibility. Letting the defunct American Football League, which had merged with the NFL, could compete with the old guard. Since, the game has grown so big as to shrink a country to an electronic village for three to four hours once a year. Presidents get involved, even to the extent of recommending a play, as did Richard Nixon. Coaches' tactics and their fiery talks have been likened to those of General George Patton and Winston Churchill. Frank Sinatra, Liza Minnelli, Joe DiMaggio, Jim Stewart — the famous have become commonplace during Super Bowl week.

Game pageantry follows days of entertainment and partying. Super Bowl VII, when the Miami Dolphins beat the Redskins, 14-7, may have been one of the duller of games, but it produced the first Super Bowl mega-party, on the liner Queen Mary in Long Beach, California. Rozelle's bash Friday night spilled out of the hangar tents, featured a 1940s Swing era theme, 400-style models spring as mannequins, big bands like Les Brown's, everyone who was anybody — including Denver's coach, Dan Reeves, but not Washington's Joe Gibbs. This Super Bowl week had been marked not only by a mild earthquake but a preposterous change in decor at the elegant Hotel del Coronado, the Victorian-age historical landmark overlooking the sea, famed for its red turrets and visitors from President Benjamin Harrison to actress Marilyn Monroe. Its plush lobby carpet was covered with a green, artificial-surface football field, complete with yard lines and numbers, and a lighted goal post grid with team and league logos. But when all was said and done, when every last party horn had been blown and both teams had emerged from Saturday night seclusion for Sunday's first whistle, the game would begin. The Broncos would be intense; they didn't want a repeat defeat. "For all of us," said serious-looking, serious-sounding punter Mike Horan, "it was a bitter pill to swallow because the taste of it lasted so long." The Redskins would be trying to recapture the most magical moment of their rich history, Super Bowl XVII of Jan. 30, 1983. That's when running John Riggins turned the left corner and broke his jersey free of the clutch of Miami's Don McNeal (a photograph of which hangs in many Washington homes) and roared, like a diesel, 43 yards to the end zone. It was a glorious, 27-17 Redskins victory, after which the renowned Riggo proclaimed, "Ron [Reagan] may be president, but for tonight I'm king."



A Redskin fan in San Diego, goggle mask and all, was all set for Super Bowl XXII.

SCOREBOARD

Table with columns for National Basketball Association Standings, Eastern Conference, Western Conference, and Hockey.



With teammate Darryl Martin effectively squeezing John White out of the play, Terry Dozier drove for two of his game-high 20 points to help South Carolina trounce 20th-ranked Southern Mississippi, 97-78.

Basketball

Table showing National Basketball Association Standings for Eastern and Western Conferences.

Hockey

Table showing NHL Standings for Wales Conference and Campbell Conference.

European Soccer

Table showing Spanish First Division and Italian First Division standings.

Transition

BASEBALL
CALIFORNIA-Signed Steve Cunniff, pitcher, to one-year contract.
TEXAS-Arrowed Steve Williams, pitcher, to one-year contract.
PITTSBURGH-Contracted Jeff Russell, pitcher, on a one-year contract.
ATLANTA-Signed Albert Hall, outfielder, to a one-year contract.
CINCINNATI-Signed Ron Oster, second baseman, to one-year contract.
HOUSTON-Arrowed to one-year contract with Juan Aguayo, pitcher, on a one-year contract.
PITTSBURGH-Contracted Jeff Russell, pitcher, on a one-year contract.

Selected U.S. College Results

Table showing Selected U.S. College Results for various sports like Football, Basketball, Hockey, etc.

World Cup Skiing

Table showing Women's Giant Slalom and Men's Slalom results.

Svet Wins 2 Cup Races, Boosts Yugoslavia's Olympic Hopes

Compiled by Our Staff From Dispatches
On Saturday, Rudi Nierlich, scoring his first cup victory, led Austria to a sweep of the top four places in a men's giant slalom in Schladming, Austria. Nierlich, 21, was timed in 2 minutes, 45.54 seconds for the two runs down a course that dropped 396 meters (1,299 feet) and had 57 gates. It was the last men's Alpine ski race before the Olympics, which start Feb. 13. Second was Hubert Strolz in 2:45.62, followed by Helmut Mayer (2:46.03) and Günther Mader (2:46.91). It was the first time the Austrians swept the first four places in a race since 1982, when Harti Weirather led the way in a downhill. Pirmin Zurbriggen of Switzerland held onto his overall cup lead. He finished eighth, one spot ahead of Alberto Tomba, the Italian ace who had led the standings until Friday, when Zurbriggen won a downhill. Both Tomba and Zurbriggen had their problems in the giant slalom. Tomba lost his balance twice in the first heat, and Zurbriggen said he "skied badly" — I made many two mistakes in the second leg. But the eight points Zurbriggen picked up gave him a 219-213 lead over Tomba after the completion of the first part of the cup season. With the Olympic break, there isn't another race that counts for points until March 1, a giant slalom in Grouse Mountain, Canada. Thousands of chanting fans packed the finish line of the Podkoren III run to see Svet complete her double, which lifted the 19-year-old from Ljubljana out of the slight slump that followed second places in the opening slalom and giant slalom of the season. After those finishes, she failed to complete four cup events, her biggest disappointment coming when she was disqualified in Piancavallo, Italy, for missing a gate on the first run of a slalom. She bounced back for a fourth in the Piancavallo giant slalom and was sixth in January's giant slalom at Tignes, France. But Skiing on a hill she's known since childhood, she triumphed at the expense of Switzerland's Vreni Schneider; Svet won by more than half a second in Sunday's slalom and beat the Swiss racer by nearly two seconds Saturday. In Calgary, Svet will carry the confidence of her 1987 world championship medals — a silver in the giant slalom and bronzes in the slalom and super-giant — and her nation's brightest prospects. Said her coach, Tone Vogrinic: "She's our biggest hope." (UPI, AP)



# Filming the Tale of a Murdered Polish Priest

**International Herald Tribune**  
**D**ARIS — In October of 1984, Father Jerry Popieluszko, who had become known as the Solidarity priest, was kidnapped near the northern Polish city of Torun, brutally beaten, strangled, and thrown in a reservoir on the Vistula River. His killers, led by Captain Grzegorz Piotrowski, 33, who was described as cool and confident throughout the trial, were given sentences ranging from 25 years for Piotrowski to 14 and 15 years for two of his accomplices.

At the end of the December, "for humanitarian reasons" the sentences were sharply reduced and one of the condemned men will be out of jail in a few months, according to the Polish director Agnieszka Holland.

"He'll be able to come to our premiere," Holland says. Her film, now in its



Agnieszka Holland (by camera in left photo) directing "To Kill a Priest," which stars Christopher Lambert (right).

## MARY BLUME

last weeks of shooting, is called "To Kill a Priest," and it stars Christopher Lambert as Father Popieluszko and Ed Harris as Piotrowski, his killer, although in the film they are called Father Alec and Stefan because the distributor, Columbia, tends to break into hives at the thought of the killer's family bringing lawsuits.

"The film is fiction, at no time did we try to reconstitute the story," says the Corsican producer, Jean-Pierre Alessandri, prudently. This is his first feature film after a television career in France, and he likes to describe it as a chase film, full of action and suspense. "It is a metaphysical thriller," he suggests, "with universal appeal because it shows the confrontation of two faiths, capitalism and communism."

A lot of films have been made in Paris in English with international casts in hope of breaking into the English-language market. The formula is simple and rarely works. Alessandri insists his film will be one of the exceptions. It has no politics, he says, and no hero and no villain since each man is dedicated to his principles.

Ed Harris raises his eyebrows at the idea that the priest's murderer, his role, is not a villain. "He's not a good man, he's a fascist, he's never excused," Harris says. "I think what Agnieszka wants to show is the working of this part of society."

Agnieszka Holland, a 39-year-old exile known in the United States for her much-praised West German film "Angry Harvest," which won an Oscar nomination, says she has wanted to make a film about the priest's murder since it happened. "I found it difficult to translate it in audience terms, finally the best thing seemed

to choose the dramatic conflict between the two men."

Her script, written with Jean-Yves Escoffier, traces the rise of the priest as a charismatic spokesman for the Solidarity spirit and the corresponding rise in patriotic fervor of his killer, who believes he is working on orders from above to get rid of this turbulent priest. In the film they meet only once, in the murder scene. It is, says Ed Harris, more than a thriller, metaphysical or otherwise. Much more.

Presumably on the theory that there are more murderers among us than martyrs, the story centers on the killer who is obsessed by the victim. "He is fixated on this priest and the power he has. He is jealous of him," Harris says. "And the priest doesn't even know he exists." The killer, Harris says, is a total patriot, a word of many meanings. Harris himself has had ample experience at playing types of patriots from John Glean in "The Right Stuff" to the coarse redneck of "Alamo Bay." In his next film, "Jackknife," with Robert De Niro, he will play a Vietnam veteran.

The company has been shooting all over France, with Picardy standing in for Silesia and certain scenes being shot in Lille, in northern France, and half in Lyon, in the center. Now, for the murder, Harris and Lambert's only sequence together, the company is doing night shooting on an automobile racing track outside Paris. It is very cold and although the death scenes are inevitable, no one is exactly relaxed. Holland chooses to joke about the notorious difficulty and boredom of shooting car scenes.

"I hate doing them," she says stamping her feet against the cold and sipping hot coffee. "That's why I could never be an American director — too many cars."

Ed Harris sits in his trailer in jeans, waiting to put on the killer's long overcoat and to ambush the priest's car. "We've already dumped him in the river, we did that scene in the Jura," Harris says. "Last night we beat him up and put him in the trunk of the car. It's all bits and pieces and it gets a little strange. Last night I was smashing this guy's head in, it's weird."

The real murderer, Harris was told in Warsaw, thought he would get the death penalty, which would then be commuted: "If Popieluszko was receiving that much attention, then he felt he should have the same," Harris says. Sometimes he speaks of his character as "he," sometimes as "I."

"He kills him because he has to. Popieluszko wants to be a martyr, he puts himself on the line. If I don't murder him, he doesn't become a saint."

Lambert, sitting in his trailer in a cassock and drinking a scotch, is less wowed about his murder than Harris. "It's a deliverance," he jokes, then continues more seriously. "It's the normal end for somebody who wants to reach something which is so high. He wants to be a legend. You can be a hero and live, if you want to be a legend you have to die. That doesn't mean he doesn't struggle for life, that's why they kill him like an animal at the end."

Harris, a fine actor who prepares his roles minutely (for "The Right Stuff" he learned the Mercury capsule by heart)

studied Marxism and went to Warsaw. "This film is a leap of faith, you have to accept that you're in Poland, it helped me to be there, to walk the earth."

Christopher Lambert, who has dual French and American nationality and is called Christophe in France, agrees that authenticity will have to come from the director. "The only person who can try to be as close to reality as possible is Agnieszka," he says. "With Agnieszka the guy is reachable in a minute." Reachability is what he feels was lacking in his role reachability is what he cares about. "It means human, it means being able to care about things that are important. If you lose the feeling that people can touch you, then you lose something about the character, and that's very dangerous."

Unlike Harris, Lambert didn't go to Poland but found his Poland on the film set. "The first scene we did, the church scene, there were about 2,500 people in the church and the first five rows were Polish. I can't see very well without my glasses but I felt those Poles and the way they were listening and the way they were crying. That's all you need."

Holland knows that creating a credible Poland is the key to the film. Her director of photography is a Pole from New York, Adam Holender ("Midnight Cowboy"), and her costumes were designed by Anna Sheppard, a Pole from London who dug around Europe for worn clothes ("In Poland people wear their clothes for many years") and supervised the smuggling out of 300 boy scout uniforms.

"They had to be smuggled because otherwise there would have been too many questions about the script," she says. Polish Coca-Cola bottles were also brought into France.

Holland has in a sense been an exile since long before she officially left Poland in 1981. Her father, a Jew, died mysteriously in 1961, possibly at the hands of the secret police, and, unable to enter film school, she studied film in Prague during the "Prague Spring" and in Poland worked with Zdzislaw and Wajda. She collaborated with Wajda on the filming of "Danton" in Paris and has applied for a French passport in order to travel freely.

Her film crew is her family — "this kind of family you can find in any country," she says — and the Poland she brings to the screen will be no less real from having been in part created by people who have never seen Poland. "It is like a marriage between people from different countries," she says. "You have to invent a language to share your lives."

# Apologies to Gorbachev

By William Safire

**WASHINGTON** — I owe an apology to Mikhail Gorbachev, author of "Perestroika," whose book tour recently included a stop in Washington.

I quoted a refusenik catching the Soviet general secretary using a Russian word that was kind of an insult to President Reagan. When Reagan used a Russian maxim, *When you say no, you say no*, Gorbachev replied, according to his interpreter, "You repeat that at every meeting. Got a laugh, no hard feelings."

According to my source, however, the Russian word used was not *ponovorit*, "repeat," but *boltaet*, "drivel," and I twisted the Soviet leader for his impertinence.

Wrong. My source misheard Gorbachev. I sent the tape of the interchange to an impartial observer, Professor Vera Borikovec at the American University in Washington, who reports, "I've listened to the tape 25 times, and I'm confident that Mr. Gorbachev used the verb meaning 'repeat.' *ponovorit*."

"**W**HAT a piece of work is a man!" I quoted Shakespeare's Hamlet in a phrase used to express wonderment and suspicion, as in "That Gorbachev, he's a piece of work." The Danish prince continued, in my quotation, "... how like an angel in apprehension! how like a god!"

The trap baited, I awaited the Gorbachev Gang quarry. "Your inaccuracy is so glaring," writes Mohan S. Kalelkar, an associate professor of physics at Rutgers, "that I predict your volume of mail may set a record. Your quotation seriously misrepresents the actual passage [II, i, 303-307]. It really reads '... in action how like a god!'"

Yes, that's almost the way it appears in the First Folio of Shakespeare. (That's also the way most actors read the lines, and the way they appear in such modern editions as the Oxford Shakespeare.) *Folio* is the name of a size — usually the biggest book, about 12 by 15 inches, the size of a printer's sheet folded in two, making four pages in a book; folded again it becomes a *quarto*, then an *octavo*, and finally what the experts call a little itty-bitty book.

The First Folio refers to the earliest publication of the collection of Shakespeare's plays, published in 1623, some seven years after the playwright's death. However, his plays were printed 20 years before that in *quarto*. Shakespearean scholars refer to the First *Quarto* as "Q1" and describe this transcription, perhaps from the memory of an actor, as a "bad" *quarto*.

In 1604, another *quarto* appeared, about twice as long as the first; this was put out, perhaps by Shakespeare's company, to replace the "bad" *quarto*. Its title page announces: "The Tragical History of Hamlet, Prince of Denmark." Newly printed and enlarged to almost as much again as it was, according to the true and perfect *Copie*.

In the 1974 Riverside edition of Shakespeare's plays, Harvard's G. Blakemore Evans comments: "Since the pioneer work of J. Wilson in 1934, the position of *Q2* as basic copy-text for a critical edition has never been seriously questioned. Wilson was able to show with near certainty that *Q2* was printed from some form of Shakespeare's autograph, probably the 'foul papers.'" Those smelly-sounding "foul papers" are drafts or working copies with corrections marked, as opposed to "fair copies," pages made after those corrections are incorporated.

Here lies the point. In the Second *Quarto*, which may have been Shakespeare's approval, the passage reads: "What piece of work is a man, how noble in reason, how infinite in faculties, in form and moving, how express and admirable in action, how like an angel in apprehension, how like a god."

Subsequent readers and printers and actors fiddled around with those words; in the First Folio, printed in 1623, a clarifying article was inserted between the words "What piece," making it "What a piece." That was good. Then the punctuation was changed as well. "What a piece of work is a man, how noble in reason? how infinite in faculty? in form and moving, how express and admirable? in action, how like an angel? in apprehension, how like a god?"

I make no apologies for setting this trap. Feel free to use this *quarto* whenever anybody corrects your Shakespeare: "Are you using the First Folio, or have you been quoting from the Second *Quarto*?"

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